

ER 11-8591-a

29 OCT 1959

Mr. James P. Fogarty
Sixty Broadway
New York 4, N. Y.

Dear Jim:

It was very thoughtful of you to send me the booklet entitled "Economic and Financial Data - 1919 - 1958."

I have looked it over with much interest and have forwarded it to some of my economic experts for their information and a further study.

With kindest personal regards.

Sincerely,

Allen W. Dulles
Director

O/DCI [] rad 28 Oct 59

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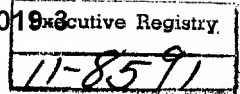
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JAMES F. FOGARTY
SIXTY BROADWAY
NEW YORK 4

October 23, 1959.

Hon. Allen W. Dulles, Director,
Central Intelligence Agency,
Washington 25, D. C.

Dear Allen:

I have sent to you today a booklet of charts and economic and financial data covering, in most instances, the 40-year period 1919-1958.

This study is intended to afford some of my friends a means of readily observing trends in certain factors which bear significantly upon our national economy. I hope you will find it interesting and useful if and when the Government's heavy demands upon you relax so that you may have opportunity to examine it.

With kind regards,

Sincerely yours,

A handwritten signature in cursive script, appearing to read "J. Fogarty".

**ECONOMIC AND
FINANCIAL DATA
1919 - 1958**

C O N T E N T S

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A C K N O W L E D G M E N T S

The preparation of this study required the gathering and processing of a large volume of data of various types from many sources. In that connection assistance was rendered by a number of persons, and their contributions are gratefully acknowledged.

Among those generous helpers are:

Messrs. Eldred H. Scott, Vice President and Controller, Russell G. Vernon, Assistant Secretary and Assistant Treasurer, and Miss Julia Hopf, Assistant Secretary and Assistant Treasurer, The Detroit Edison Company.

Messrs. C. Austin Barker, Senior Economist, and Richard G. Horning, Financial Economist, The Cleveland Electric Illuminating Company.

Messrs. W. W. Horner, Vice President, and D. C. Elliott, Vice President and Economist, The Cleveland Trust Company.

Mr. H. J. Nelson, Barron's.

Mr. James T. Harrigan, Senior Vice President, and Miss Nanette Copeland, Librarian, The Hanover Bank, New York.

Messrs. LeRoy W. Campbell, Executive Vice President, D. G. Baird and Donald B. McClellan, Investment Analysis Department, Chemical Corn Exchange Bank, New York.

Messrs. Pierson M. Tuttle, Vice President, and Harold S. Seal, Vice President, Bankers Trust Company, New York.

Messrs. George S. Moore, Executive Vice President, and D. Richard Young, Assistant Cashier, The First National City Bank of New York.

Mr. Morris Goldstein, Partner, Francis B. du Pont & Co., New York.

Messrs. Edwin Vennard, Vice President and Managing Director, and A. B. Morgan, Secretary and Assistant Managing Director, Edison Electric Institute, New York.

Mr. J. Conley, American Iron and Steel Institute, New York.

Mr. Mark E. Eastin, President, West Kentucky Coal Company, Madisonville, Ky.

Messrs. Tom Pickett, Executive Vice President, and Myles E. Robinson, Director Department of Coal Economics, National Coal Association, Washington, D. C.

Hon. Percival F. Brundage, Director of the Budget, and Mr. Samuel L. Cohn, Office of Budget Review, Washington, D. C.

Hon. Walter Williams, Under Secretary of Commerce, Washington, D. C.

Members of United States Government departments as follows:

Federal Reserve System:

Messrs. Haskell Wald, Economist, and R. C. Schindler, Statistician, New York; Mr. Clarke L. Fauver, Assistant Secretary, and Miss Elizabeth L. Carmichael, Chief, Publications Section, Division of Administrative Services, Washington, D. C.

Federal Power Commission:

Mr. J. H. Gutride, Secretary, Washington, D. C., and Mr. L. B. Woll, Electrical Engineer in Charge, New York;

Department of Agriculture:

Mr. B. R. Stamber, Chief Agricultural Price Statistics Branch, Agricultural Marketing Service;

Department of Commerce:

Messrs. Edward O. Bassett and Harlow D. Osborn, National Income Division, Murray F. Foss, Assistant Chief Business Structure Division, Office of Business Economics; Messrs. Robert W. Burgess, Director, Howard G. Brunsman, Chief Population Division, and Edwin D. Goldfield, Chief Statistical Reports Division, Bureau of the Census; Mr. Walter W. Schneider, Acting Director Construction Industry Division, Business and Defense Services Administration; Messrs. Carl E. Blackwell, Director, and Wendell D. Hance, Acting Director, International Economic Analysis Division, Bureau of Foreign Commerce;

Department of the Interior:

Mr. H. J. Barton, Chief Branch of Petroleum Economics, Bureau of Mines;

Department of Labor: Mr. Ewan

Clague, Commissioner of Labor Statistics, Messrs. Arnold E. Chase, Chief Division of Construction Statistics, H. E. Riley, Chief Division of Prices and Cost of Living, and Seymour L. Wolfbein, Chief of Manpower and Employment Statistics, Bureau of Labor Statistics.

Mrs. Ruth M. Weckmann, my Secretary, whose judgment and accuracy in the preparation and assembling of the charts made this study possible.

J. A. Party

JAMES F. FOGARTY

SIXTY BROADWAY

NEW YORK 4

FOREWORD

The purpose of this assemblage of charts and data is to afford a convenient means of observing important changes in and trends of certain economic and financial indicators.

The study was originally intended to be merely for my own reference and to consist of a small array of plotted data. However, in the course of considering various indicators to select those which seemed most appropriate for that purpose, it became apparent that the relationships of certain of them to others warranted the inclusion of some indicators which ordinarily would not have been part of the study as initially contemplated. These circumstances have been responsible for the expansion of the study to its present proportions and for my conclusion to have a number of copies prepared to permit distribution to friends engaged in various fields of endeavor.

In the interest of conserving space the charts have been plotted on small scales which in some instances do not permit minute reading. They do, however, "highlight" peaks and valleys and enable one to note trends of the several indicators over various periods. If a reader wishes to ascertain details of the data applicable to any period, or upon which any chart is based, he may refer to the source of such data indicated on the particular chart.

Some of the charts cover relatively short periods because comparable data for earlier years are not available. Other charts do not extend to 1958 because preparation of relevant data by the Government was discontinued prior to that time.

Certain data have been revised by the Government from time to time, and while effort has been made to obtain the revised data without unduly delaying completion of the study, that has not been possible in every instance. In any event, it is believed that differences between data used as bases of certain charts and subsequent revisions of those data are not of sufficient magnitude to impair materially the usefulness of such charts.

BUSINESS CYCLES

According to Occasional Paper 61, titled "Measuring Recessions," by Geoffrey H. Moore, Associate Director of Research of the National Bureau of Economic Research, there have been nine business cycles during the 40-year period 1919--1958. In the tabulation on page viii of this study there are set forth the approximate times of occurrence and

periods of duration of the upward and downward movements of those cycles, and, so far as data are available, the approximate changes which took place in some of the more important economic and financial indicators. There have been included in the tabulation some indicators not included in Dr. Moore's summary. Data applicable to certain of these indicators are not available for the periods of early cycles.

It is apparent that all of the principal indicators do not attain their respective peaks at the same time during a period of expansion, and that all of them do not reach their respective low points at the same time during a period of contraction. Also, it should be remembered that data applicable to certain periods within some of the business cycles reflect seasonal variation, and in some cases labor disturbances. Nevertheless, the tabulation constitutes a broad presentation from which one may derive at least a general idea of changes in certain significant measures of the state of the national economy.

From the "Business Cycles" tabulation it will be noted that the periods of expansion ranged from 10 to 80 months, and the periods of contraction from 8 to 43 months. Except for the severe depression of 1929--1933 the maximum period of contraction was January 1920--July 1921, or 18 months.

Limitations of time and space render it impossible to comment upon each chart, but in view of the wide-spread interest, and in some instances concern, expressed with respect to matters to which certain charts relate, a brief word about some of those matters would seem to be in order.

GROSS NATIONAL PRODUCT

The large increases in Gross National Product (usually expressed in current dollars) are frequently referred to as one of the principal measures of the great development which has taken place in the United States.

(Gross National Product is defined by the Department of Commerce as the market value of the output of goods and services produced by the Nation's economy, before deduction of depreciation charges and other allowances for business and institutional consumption of durable capital goods.)

The use of a G.N.P. current dollar increase per

se, without considering the influence of important changes in price levels during the same period, can be quite misleading.

The Department of Commerce estimate of G.N.P. for the year 1958 was 437.7 billions. That amount, which was expressed in current dollars, represented an increase of 413.7 per cent. over the corresponding amount of 85.2 billions for 1938, 20 years earlier. As 1952 and 1953, respectively, were the last years for which the Department of Commerce estimated G.N.P. based upon 1939 and 1947 dollars, estimates for 1958 based upon those dollars are not available. However, the following tabulation affords interesting comparisons of estimates of G.N.P. for 1938 and 1952, years for which estimates based upon 1939, 1947, 1954 and current dollars are available:

G.N.P. estimates for	1939 Dollars	1947 Dollars	1954 Dollars	Current Dollars
Year 1952	172.0	294.2	353.5	347.0
Year 1938	84.0	145.9	175.1	85.2
Increase:				
Amount	88.0	148.3	178.4	261.8
Per cent.	104.8	101.6	101.9	307.2

It will be noted that while the increases in G.N.P. estimates from 1938 to 1952 were 104.8 per cent., 101.6 per cent. and 101.9 per cent., based upon 1939, 1947 and 1954 dollars, respectively, the increase for that period based upon current dollars was 307.2 per cent. That substantially greater increase reflects the influence of increasing prices during that 14-year period. As the price trend has in general been upward since 1952, the foregoing figures give rise to question as to the extent to which increases in prices, as distinct from actual growth, are responsible for the 413.7 per cent. increase in G.N.P., expressed in current dollars, from 1938 to 1958.

INDUSTRIAL PRODUCTION

In 1953 the Federal Reserve System basically revised its index of industrial production, a measure of the physical volume of output in manufacturing and mining industries, sectors which have accounted for about one-third of national income over a period of years and are of particular importance in the analysis of business fluctuations.

The industrial production index does not cover production on farms, in the construction industry, in the utilities, in transportation, or in various trade and service industries.

The revised index is based upon 100 as the average for the three postwar years 1947--1949. The old index was based upon the average for the five prewar years 1935--1939 as 100.

At the time of the revision the new index indicated that compared with 1947--1949 production had increased about 30 per cent., whereas, compared with 1935--1939, production had increased about 130 per cent. as shown in the old index.

The new index reflects the addition of many new industrial and product series, modernization of industry classifications, improvements in adjustments for seasonal variation, and other advances in index number making. While the data reported in

the revised index extended back to 1919, the revision applied mainly to the period from 1947.

Because of the extensive revision of the index and the inclusion of a number of additional series, the data applicable to Total Industrial Production and to the three principal classifications of the total production, i.e., Durable Manufactures, Non-durable Manufactures, and Minerals, have been plotted quarterly for the 40-year period 1919--1958 on Chart No. 12. On Charts Nos. 21/33, inclusive, there have been plotted annually for the 10-year period 1949--1958 data applicable to certain subdivisions of those principal classifications.

ELECTRIC POWER

The Tennessee Valley Authority Act was passed by the Congress in 1933, chiefly because of representations by T.V.A. advocates that the proposed development of the Tennessee and Cumberland Rivers would bring about important advantages in the forms of flood control and improvement of navigation. It was also represented that production of electric power by the hydro-electric plants to be constructed at the several dams would be merely incidental to the main objectives referred to, and that steam-electric generating capacity would be provided only to the extent necessary to "firm up" the power output of the hydro-electric plants. It was also indicated that the maximum steam-electric generating capacity of T.V.A. would be 20 per cent. or less of the power producing capacity of the entire project.

In 1932, the year before the T.V.A. Act was passed, electric power produced by all publicly owned plants in the United States constituted about 6 per cent. of the total electric power production of all utilities, both privately and publicly owned. Since then several other large public power projects, such as Grand Coulee and Bonneville, have been developed and largely financed by the Government, and the T.V.A. system has been expanded to a capacity of more than 10 million kilowatts. Plant additions now under construction will increase T.V.A. capacity by 1960 to almost 12 million kilowatts, or more than 20 times its capacity in 1937. Of this total it is estimated that over 8 million kilowatts, or about 68 per cent., will be steam-electric generating capacity, compared with about 20 per cent. originally proposed.

As a result of the substantial expansion of T.V.A. and the development of other large public power projects, the electric power production of publicly owned plants now constitutes about 24 per cent. (compared with 6 per cent. before T.V.A.) of the production of all utilities, both privately and publicly owned.

In this connection, it should be noted that

(a) T.V.A. does not pay interest on the investment in its power facilities which represents funds appropriated by the Congress and advanced to it;

(b) T.V.A. does not pay Federal taxes. For 1957, the investor-owned utility companies paid Federal taxes equivalent to about 3.39 per cent. of their average electric plant investment. By not paying Federal taxes T.V.A. had, on that basis, an advantage of about 58 million dollars for that year alone;

(c) For 1957 the investor-owned utility companies paid State and local taxes equivalent to about 2.15 per cent. of their average electric plant investment. At the same rate, and based upon its average electric plant investment, T.V.A. should have paid about 37 million dollars, instead of which it paid "in lieu of taxes" about 5-1/4 million dollars, thus gaining an additional advantage of more than 31 million dollars for that year.

It is impossible within the limits of this study to deal with all phases of T.V.A. activities. It is, however, worth observing that among such activities are the efforts of T.V.A. representatives and public officials from the T.V.A. area to lure industries from other sections of the country whose taxpayers help to subsidize the low T.V.A. power rates offered as an inducement.

Within the last few days the Senate passed a bill, similar to that previously passed by the House, to authorize T.V.A. to sell up to 750 million dollars of bonds to finance additional electric power capacity. While it is provided that the interest on and principal of the bonds be paid out of power revenues, at least one Senator is reported to have stated that if that were not possible he would favor having the Federal Government meet the obligations.

If such conditions are to prevail public power will have gained such an additional improper advantage that it may well be appropriate to substitute "Galloping Socialism" for the title "Creeping Socialism" which the President is reported to have applied to T.V.A.

In 1935 the Rural Electrification Administration was created ostensibly to provide electric service, through farm cooperatives, to rural areas not served by investor-owned utility companies. Like T.V.A., the R.E.A. has, with the aid of Government funds, been greatly enlarged and the scope of its activities has been expanded to include financing of telephone systems and the furnishing of electric service to non-farm families, communities and industries which, according to the Director of the Budget, comprise three out of four new customers. Today farmers use less than one-half of all power sold by R.E.A. financed cooperatives.

R.E.A. not only has the advantage of substantial freedom from taxes, but pays an interest rate of only 2 per cent. on Government loans to it. That is half or less than half of the cost to the Government of the money which it lends to R.E.A.

With his last budget message the President recommended to the Congress that the 2 per cent. interest rate on loans to R.E.A. be brought into line with Treasury costs. The Speaker of the House announced his opposition, stating that if a 2 per cent. interest rate is a subsidy he is for that subsidy. Not only was no action taken on the President's recommendation, but a bill was introduced in the Congress which was intended to remove R.E.A. from the jurisdiction of the Department of Agriculture under which it is subject to some relatively minor restrictions. The President vetoed the bill.

One may readily imagine the difficulties confronting the investor-owned utility companies because of T.V.A. and R.E.A. competition which is

so heavily weighted against them.

When such developments occur in the United States, a nation supposedly dedicated to free enterprise, perhaps we had better give serious consideration to the prediction made by Soviet Premier Khrushchev that our grandchildren will live under a Socialist regime.

INFLATION

Inflation has necessarily caused much concern, and consequently has received much attention, for some time past. Unless there are plainly presented and clearly understood some realistic measures of the strides which inflation has made, particularly in its inroads upon the values of life insurance policies, the life savings and modest pensions of many thousands of retired workers, and the purchasing power of the average American family, its possible future effects may not be realized until it is too late to prevent the unfortunate situation which would inevitably come about.

A great deal could be said about causes and effects of inflation, but there is not room here for an extensive discussion of the subject. Accordingly, this study will refer briefly only to the purchasing power of the dollar as measured by the Consumer Price Index on both the 1947--1949=100 and the 1935--1939=100 bases.

Chart No. 50 shows that at the end of 1958 the value of the dollar on the 1947--1949 base had fallen to about 81 cents, and that the value of the dollar on the 1935--1939 base had fallen to about 48 cents.

Fears engendered by inflationary tendencies are reflected in current high prices of common stocks and low prices of fixed income securities. During the third quarter of 1958 and continuing in 1959 yields on the Dow-Jones industrial stocks were less than the yields on high grade bonds.

Unfortunately, among those who believe that a little inflation is good for the nation and that inflation can be controlled, there are persons occupying high places in the field of education whose views for that reason receive respectful attention. One of those educators believes that we should reconcile ourselves to continuing inflation at an annual rate which is almost equivalent to the return on a United States Series E savings bond before taxes. Those who harbor such notions should read carefully "Fiat Money Inflation in France" by Andrew D. White, LL.D., Ph.D., D.C.L., and "An Engineer Looks at Inflation" (in Germany and France), by Walter S. Landis, D.Sc.

GOLD

Since the first of January the amount of the United States Treasury gold stock has continued its downward trend of more than a year, decreasing to 19.8 billion dollars in June, when for the first time in nearly 20 years it fell below 20 billion dollars. Chart No. 56 shows the amount of Treasury gold stock at the times respectively indicated from June 1919 to December 1958.

The decrease in our gold stock has given rise to divergent views, including the belief that it indicates lack of world confidence in the United States dollar. This position is supplemented in some instances by the opinion that we

have priced ourselves out of world markets and that foreign competition has wrought havoc among American manufacturers.

Other sources of economic thinking, however, display little or no concern, the Research and Policy Committee of the Committee for Economic Development, for illustration, stating in its report (May, 1959) on the European Common Market,

"We believe the facts do not justify such conclusions. On the contrary, these developments should be interpreted as progress towards better balance in the world economy, better distribution of the world's monetary reserves, and freer and more equal competition in world markets. The increased strength of our chief allies and customers, who are also our competitors, should not be a cause for alarm."

The foreign trade trend is not to our advantage. For the first four months of 1959 our favorable balance of merchandise foreign trade was \$394 millions compared with \$1,306 and \$2,526 millions for the corresponding periods of 1958 and 1957, respectively. (It should be borne in mind, however, that foreign trade figures are affected to some extent by imports brought in from branch plants and subsidiary companies set up abroad by American corporations.)

An important fact often disregarded is that the United States does not, as a practical matter, own all of the reported Treasury gold stock. After allowing for the legally required gold reserve of 25 per cent. of Federal Reserve Bank notes and deposits, the free gold balance is about 40 per cent. of the total.

If foreign owners of dollar assets were to become seriously disturbed by the outflow of our gold, or by our continuing to refund large amounts of Government bonds with short term issues, and should present claims for conversion of a substantial portion of those assets into gold, serious consequences could result. While we are not presently confronted by a gold crisis, the situation cannot be ignored.

In its January, 1959 letter The First National City Bank of New York stated

"Our gold outflow is saying that the government is spending too much. If we give heed, the gold standard will have served a valuable purpose."

That pertinent observation merits much more attention than it is likely to receive from the politicians. To it there might be added the thought that perhaps there is approaching a day of reckoning for our prodigality when, in attempts to "win friends and influence people" abroad, we spent American dollars by the billions for the Marshall Plan, U.N.R.R.A., military assistance to N.A.T.O., and military and economic aid practically all over the world.

At frequent intervals since the price of gold in this country was raised from \$20.67 to \$35 per ounce, there has been agitation for a further increase in the gold price, at least one proposal being as high as \$100 per ounce. These proposals have not been confined to our own country, but also have strong supporters in Great Britain, Canada and South Africa.

Some of those in our country who advocate such substantial increases in the gold price are actuated by selfish motives, and they apparently do not realize, or do not care about, the further dollar erosion which would follow such action. Nor do they seem to appreciate the great advantage which, at our expense, would accrue to the large gold producing nations of the world, including Russia.

It is hoped that our Government will continue to adhere to the position indicated by the following statement made by the Secretary of the Treasury in May, 1958:

"The Administration has made clear on many occasions, most recently at the September 1957 meeting of the International Monetary Fund, that the United States has no intention of increasing the price of gold or devaluing the dollar. I may say without qualification that this continues to be the position of the Government." (Monetary Notes of The Economists' National Committee on Monetary Policy, July 1, 1958.)

Since the termination in 1933 of currency redemption in gold, and as recently as within the past two or three years, several bills providing for a gold standard and redeemable currency have been introduced in the Congress but have received little or no support. Perhaps it is too much to expect, or even to hope, that our country will, within the foreseeable future, have the good sense to return to a redeemable currency. Those who have doubts about the effects of our doing so should read the record of events which followed our resumption of a redeemable currency in 1879. Large amounts of gold then came into the country from Europe, demands for Government securities greatly increased and their prices rose substantially, making possible Government refunding at lower rates of interest.

INTEREST RATES AND GOVERNMENT FINANCING

High grade corporate bond yields reached their low point of the last forty years during the first half of 1946 when new long term issues were sold to yield 2-1/2 per cent. or less. During the years 1946 to 1950, inclusive, the yields on a number of long term Government bonds (maturities 1967 to 1972) ranged from 1.89 per cent. to 2.48 per cent. Under such circumstances it would seem to have been possible during that five-year period for the Government to sell long term bonds at relatively satisfactory yields to refund some of the outstanding short term securities. However, the Administration adhered to the policy of effecting such refundings by means of short term issues.

The yield trend since 1950 has been basically upward, and yields on new corporate issues now are about twice those of early 1946. That substantial upward trend is reflected in higher yields on Government bonds which have reached such levels as to prompt the President to seek Congressional authorization to increase interest rates on long term (five years or longer maturity) bonds above the 4-1/4 per cent. maximum which has prevailed since the First World War.

Some members of the Congress take the position that present interest rates are unnecessarily high and will retard further development of the national

economy. They also seem to believe that long term Government bonds could be sold without an increase in the maximum interest rate if different financial policies were adopted, such as the Federal Reserve's easing its restrictions on bank reserves and buying long term bonds from time to time.

The matter of interest rates appears to have become an important political issue. The House Ways and Means Committee has just voted to give the President the authority he sought to increase the maximum rate on long term bonds, but limited the authority to two years and proposed that the Federal Reserve consider buying long term bonds to ease the situation. The outcome of the sharp differences which apparently exist in Washington is in considerable doubt.

Another development which may prove troublesome is the opposition of the Speaker of the House to the President's recommendation that the 2 per cent. interest rate on loans to the Rural Electrification Administration be increased so as to be commensurate with the Government borrowing costs.

Unfortunately the thinking of many of the national legislators is influenced by political considerations as distinct from sound reasoning as to what is best for the country as a whole.

AN INDEX OF CONFIDENCE

Chart No. 61 has been included in the belief that it would be of interest because of its unusual character. It represents an Index of Confidence devised by the late General Leonard P. Ayres, Vice President and Chief Economist of The Cleveland Trust Company. The Cleveland Trust Company has described the Index as follows:

"When investors are optimistically confident about the general business outlook, they come to regard the prospects of weaker companies as being almost as good as those of the strongest ones. At such times they tend to consider junior bond issues as being nearly as safe as those

that are fully secured by first mortgages on highly valuable properties.

. . . On the other hand when the prospects for business become discouraging, the investors seek safety rather than income and then the prices of the second grade bonds fall far below those of the highest grade issues, and as a result the yields of the less secure bonds become much larger than those of the well secured ones.

. . . The data were computed by finding for each month the percentages that the yields of 30 corporate bond issues having Moody ratings of Aaa were of the yields of 30 issues rated by Moody as being of Baa quality."

UNITED STATES GOVERNMENT BUDGET AND PUBLIC DEBT

The tabulations on pages 34 and 35 show Federal Government Budget Receipts by sources and Budget Expenditures by functions for each of the 21 fiscal years ended June 30, 1939 to 1959, and as estimated for the fiscal year ended June 30, 1960, and the amount of Federal Government debt at the end of each fiscal year.

It is realized, of course, that the Second World War and the Korean conflict imposed heavy financial burdens upon the Federal Government. However, the extravagance indicated by expenditures for years other than war years makes it regrettable that there are not available for comparison corresponding data for the preceding 20-year period (1919--1938) during the early years of which the Federal Government and the Congress appeared to have some regard for economy.

J. J. Bogarty

July, 1959.

S E C R E T

Sources: National Bureau of Economic Research; Department of Commerce; Department of Labor; Federal Reserve System; Edison Electric Institute; Federal Power Commission; American Iron and Steel Institute; Automobile Manufacturers' Association; Ward's Automotive Reports; Francis I. du Pont & Co.

Line No.		Mar. 1919	July 1921	July 1924	Nov. 1927	Mar. 1933	June 1938	Oct. 1945	Oct. 1949	Aug. 1954	Line No.
1	Trough of Economic Activity	Mar. 1919	July 1921	July 1924	Nov. 1927	Mar. 1933	June 1938	Oct. 1945	Oct. 1949	Aug. 1954	1
2	Period of Expansion to Peak on Line 3	10 months	22 months	27 months	21 months	50 months	80 months	37 months	45 months	35 months	2
3	Peak of Economic Activity	Jan. 1920	May 1923	Oct. 1926	Aug. 1929	May 1937	Feb. 1945	Nov. 1948	July 1953	July 1957	3
4	Period of Contraction to Trough on Line 5	18 months	14 months	13 months	43 months	13 months	8 months	11 months	13 months	9 months	4
5	Trough of Economic Activity	July 1921	July 1924	Nov. 1927	Mar. 1933	June 1938	Oct. 1945	Oct. 1949	Aug. 1954	Apr. 1958	5
6	Economic and Financial Indicators: (a) For peak month or quarter within or nearest to period of ex- pansion (Line 2) (b) For low month or quarter within or nearest to period of con- traction (Line 4)										6
7	Gross National Product (Billions of \$) ...	(a) Tr.'19 77.5 (b) Tr.'21 70.7	(a) Tr.'23 84.5 (b) Tr.'24 83.7	(a) Tr.'26 95.6 (b) Tr.'27 94.2	(a) Tr.'29 99.4 (b) Tr.'32 55.4	(a) Tr.'37 90.8 (b) Tr.'38 85.2	(a) 20/45 223.7 (b) 14/45 197.1	(a) 14/48 265.9 (b) 24/49 256.4	(a) 20/53 366.8 (b) 20/54 358.9	(a) 30/57 445.6 (b) 10/58 427.1	7
8	Personal Income (Billions of \$)	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) 14/45 173.6 (b) 14/45 168.1	(a) 30/48 214.8 (b) 30/49 207.2	(a) 30/53 289.8 (b) 10/54 287.4	(a) 30/57 351.8 (b) 10/58 346.3	8
9	Corp. Pfts. before Taxes (Billions of \$) .	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) 20/45 25.0 (b) 14/45 13.9	(a) 20/48 33.8 (b) 20/49 21.7	(a) 14/50 49.2 (b) 14/53 31.4	(a) 14/55 48.6 (b) 12/58 31.7	9
10	Corp. Pfts. after Taxes (Billions of \$) ..	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) 14/45 10.8 (b) 14/45 6.1	(a) 20/48 21.0 (b) 20/49 15.0	(a) 14/50 27.5 (b) 14/53 14.8	(a) 14/55 24.9 (b) 14/58 15.5	10
11	Per Cent Civilian Labor Force Employed ...	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) Tr.'37 85.7 (b) Tr.'38 75.1	(a) 10/40 99.3 (b) 9/39 96.5	(a) 11/47 97.4 (b) 7/49 93.6	(a) 8/53 98.2 (b) 2/54 95.0	(a) 10/56 97.2 (b) 2/58 92.3	11
12	Average hourly earnings -- Production workers in manufacturing (Cents)	(a) Tr.'20 55.5 (b) Tr.'21 51.5	(a) Tr.'23 52.2 (b) Tr.'24 54.7	(a) Tr.'26 54.8 (b) Tr.'27 55.0	(a) Tr.'29 56.6 (b) 2/33 40.9	(a) 5/37 63.1 (b) 8/38 61.4	(a) 3/45 104.4 (b) 10/45 98.5	(a) 1/49 140.5 (b) 10/49 139.2	(a) 6/53 177.0 (b) 3/54 179.0	(a) 6/57 207.0 (b) 9/57 208.0	12
13	Industrial Production (1947-1949 = 100) ..	(a) 1/20 44 (b) 7/21 1.0	(a) 4/23 49 (b) 7/24 2.1	(a) 9/26 53 (b) 11/27 3.6	(a) 6/29 61 (b) 7/32 23	(a) 3/37 65 (b) 5/38 43	(a) 11/43 132 (b) 10/45 86	(a) 7/48 105 (b) 7/49 94	(a) 7/53 137 (b) 3/54 123	(a) 12/56 147 (b) 1/58 126	13
14	Elec. Power Production (Billions of KWH) .	(a) Tr.'20 39.4 (b) Tr.'21 37.2	(a) Tr.'23 51.2 (b) Tr.'24 54.7	(a) Tr.'26 69.4 (b) Tr.'27 75.4	(a) Tr.'29 82.8 (b) Tr.'32 79.4	(a) Tr.'37 118.9 (b) Tr.'38 113.8	(a) 1/45 20.3 (b) 9/45 17.0	(a) 10/48 24.4 (b) 2/49 23.0	(a) 7/53 38.1 (b) 2/54 35.1	(a) 1/57 55.5 (b) 14/58 49.5	14
15	Steel Production (Millions of Net Tons) ...	(a) 3/20 4.4 (b) 7/21 1.0	(a) 5/23 4.8 (b) 7/24 2.1	(a) 3/26 5.0 (b) 11/27 3.6	(a) 5/29 6.0 (b) 4/33 5.6	(a) 3/37 6.0 (b) 12/37 1.7	(a) 7/44 7.5 (b) 10/45 5.6	(a) 10/48 8.0 (b) 10/49 5	(a) 3/53 10.2 (b) 7/54 6.6	(a) 10/56 11.0 (b) 1/58 5.5	15
16	Automotive Production -- Cars and Trucks	(a) 10/20 605 (b) 11/21 21.6	(a) 23/23 1,155 (b) 20/24 1,115	(a) 20/26 1,251 (b) 11/27 1,180	(a) 20/29 1,773 (b) 11/32 1,717	(a) 20/37 1,550 (b) 10/38 1,416	(a) 14/40 1,508 (b) 10/45 1,418	(a) 14/48 1,433 (b) 10/49 1,418	(a) 30/50 2,249 (b) 10/51 1,418	(a) 20/55 2,506 (b) 10/58 1,418	16
17	New Plant and Equipment Expenditures (Billions of \$)	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) 14/48 22.35 (b) 7/49 17.81	(a) 20/53 28.10 (b) 14/54 14.6	(a) 30/57 37.75 (b) 30/58 29.61	17
18	New Permanent Nonfarm Dwellings Started (Thousands of Units)	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) 20/41 217.9 (b) 14/45 25.5	(a) 20/48 297.6 (b) 14/49 169.8	(a) 20/50 426.8 (b) 14/51 236.8	(a) 20/55 404.1 (b) 14/58 186.3	18
19	Manufacturers' New Orders (Billions of \$)	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) 14/45 45.2 (b) 14/45 13.5	(a) 30/48 53.7 (b) 30/49 48.1	(a) 14/51 83.3 (b) 14/53 63.2	(a) 10/56 87.7 (b) 14/58 72.9	19
20	Retail Trade Sales (Billions of \$)	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) 14/45 18.8 (b) 14/45 21.0	(a) 30/48 33.1 (b) 14/49 32.4	(a) 14/53 42.7 (b) 14/53 109.8	(a) 30/57 50.9 (b) 14/58 48.9	20
21	Consumer Price Index (All Items) (1947-1949 = 100)	(a) 3/20 84.3 (b) 6/21 75.3	(a) 8/21 75.7 (b) 5/23 72.4	(a) 11/25 77.0 (b) 12/26 67.0	(a) 10/27 76.2 (b) 5/28 63.4	(a) 5/37 61.4 (b) 3/37 57.0	(a) 1/45 76.1 (b) 5/38 50.8	(a) 8/48 104.8 (b) 2/49 76.0	(a) 9/53 115.2 (b) 1/54 114.6	(a) 9/57 121.1 (b) 8/57 118.4	21
22	Wholesale Price Index (All Commodities) (1947-1949 = 100)	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) 6/45 69.0 (b) 9/45 68.4	(a) 8/48 106.2 (b) 10/49 97.9	(a) 2/51 116.5 (b) 10/51 109.8	(a) 8/57 118.4 (b) 10/57 117.8	22
23	Commercial Bank Loans (Billions of \$) (June or December)	(a) 9/19 22.4 (b) 6/21 26.1	(a) 6/23 26.5 (b) 6/23 37.7	(a) 12/20 36.0 (b) 12/26 46.9	(a) 6/49 35.7 (b) 12/28 52.7	(a) 6/37 17.1 (b) 12/30 50.6	(a) 12/41 21.6 (b) 6/45 23.7	(a) 12/48 12.5 (b) 6/49 14.0	(a) 6/53 65.0 (b) 14/54 67.3	(a) 6/57 32.0 (b) 12/57 93.9	23
24	Commercial Bank Deposits (Billions of \$) (June or December)	(a) 6/21 33.0 (b) 6/21 33.0	(a) 6/23 39.5 (b) 12/23 39.5	(a) 12/26 46.9 (b) 12/26 46.9	(a) 12/28 52.7 (b) 6/33 31.9	(a) 12/30 50.6 (b) 12/37 43.3	(a) 12/41 21.6 (b) 12/45 150.2	(a) 12/48 12.5 (b) 6/49 14.0	(a) 12/52 172.9 (b) 6/53 165.5	(a) 6/56 197.5 (b) 6/57 186.3	24
25	Federal Reserve Member Banks Free Reserves (Billions of \$) (June or December) ..	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) n.a. (b) n.a.	(a) 12/29 -75 (b) 12/31 -74	(a) 12/35 2.99 (b) 6/37 .87	(a) 6/40 6.7 (b) 6/45 .7	(a) 12/45 1.2 (b) 12/48 .7	(a) 12/50 .9 (b) 12/53 .3	(a) 6/54 -.8 (b) 6/57 -.5	25
26	Monthly price ranges of Dow-Jones Industrial Stocks	(a) 11/19 119.6 (b) 7/21 67.3	(a) 3/23 105.4 (b) 10/23 85.6	(a) 8/26 166.6 (b) 10/26 145.7	(a) 8/29 184.0 (b) 7/32 40.6	(a) 3/37 195.6 (b) 3/33 57.5	(a) 2/45 160.9 (b) 2/45 160.9	(a) 5/46 233.4 (b) 6/49 160.6	(a) 1/53 295.1 (b) 8/53 260.8	(a) 7/57 523.1 (b) 10/57 416.2	26

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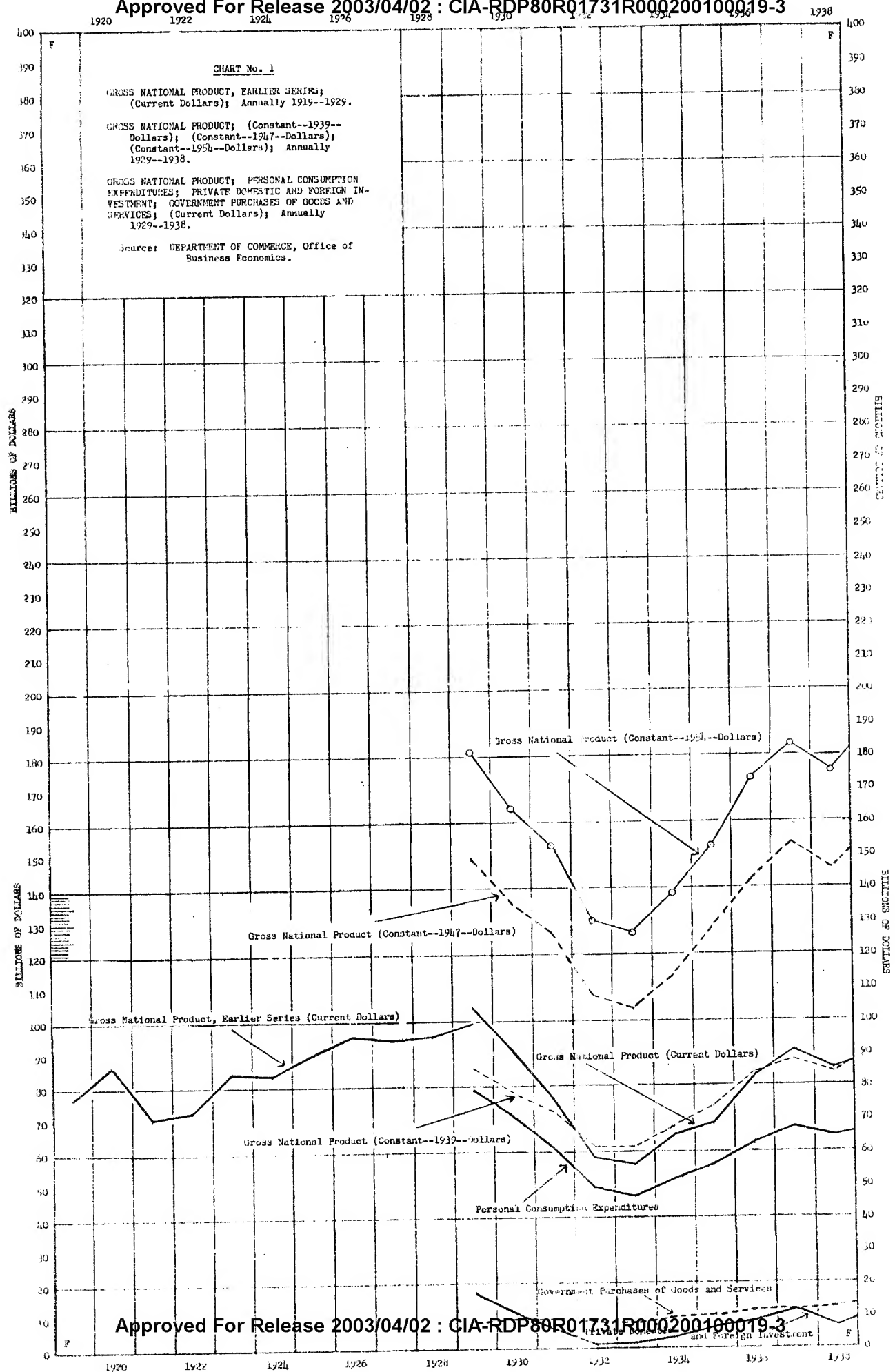
NATIONAL PRODUCT AND INCOME

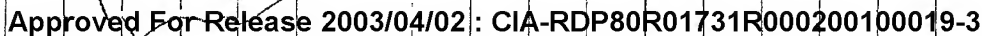
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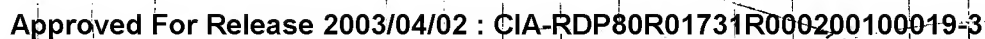
PRODUCTION AND DISTRIBUTION (Continued)

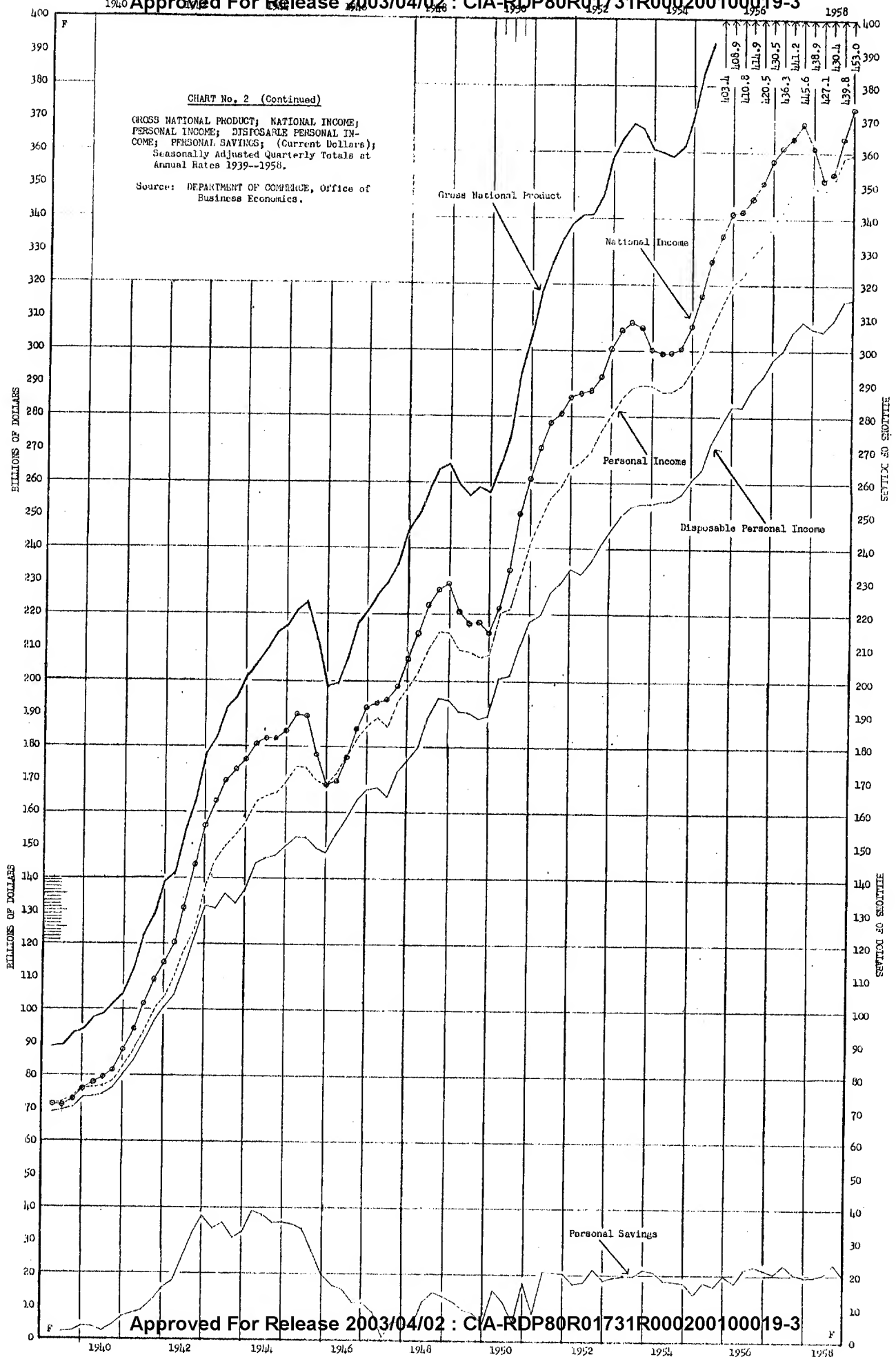
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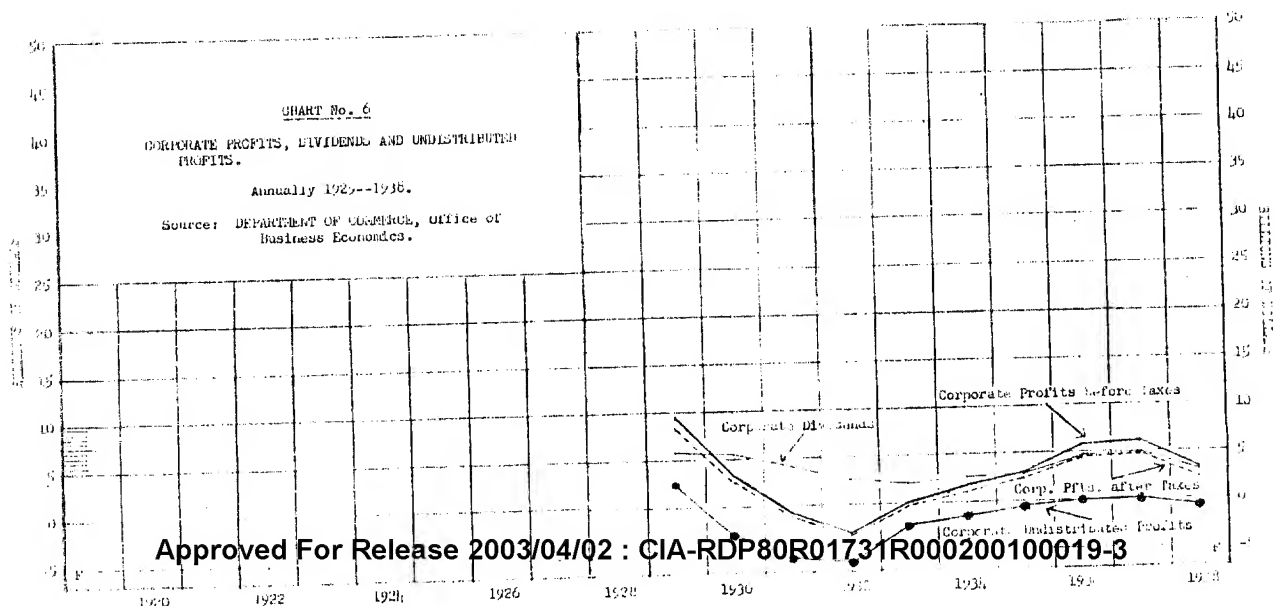
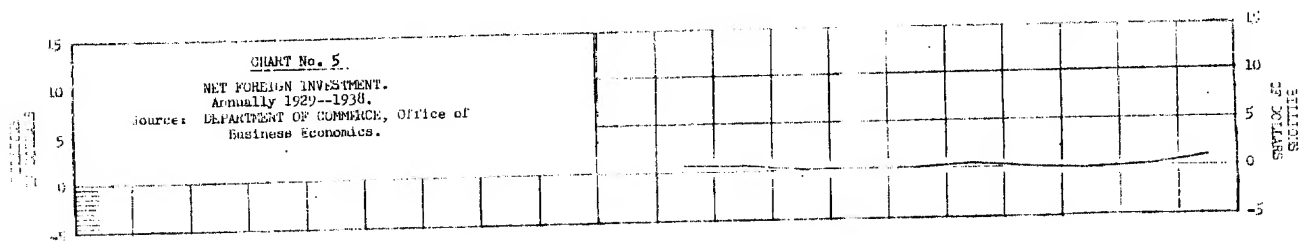
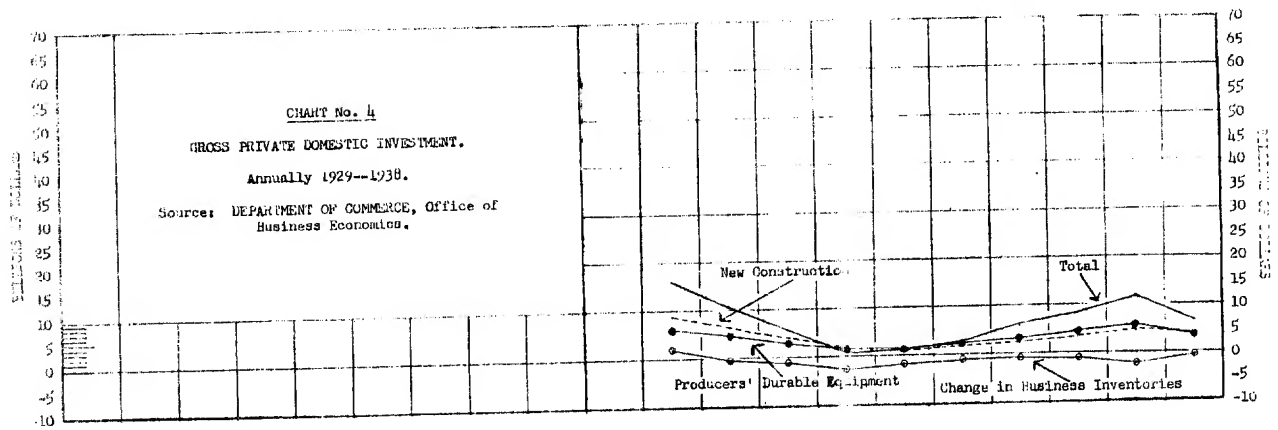
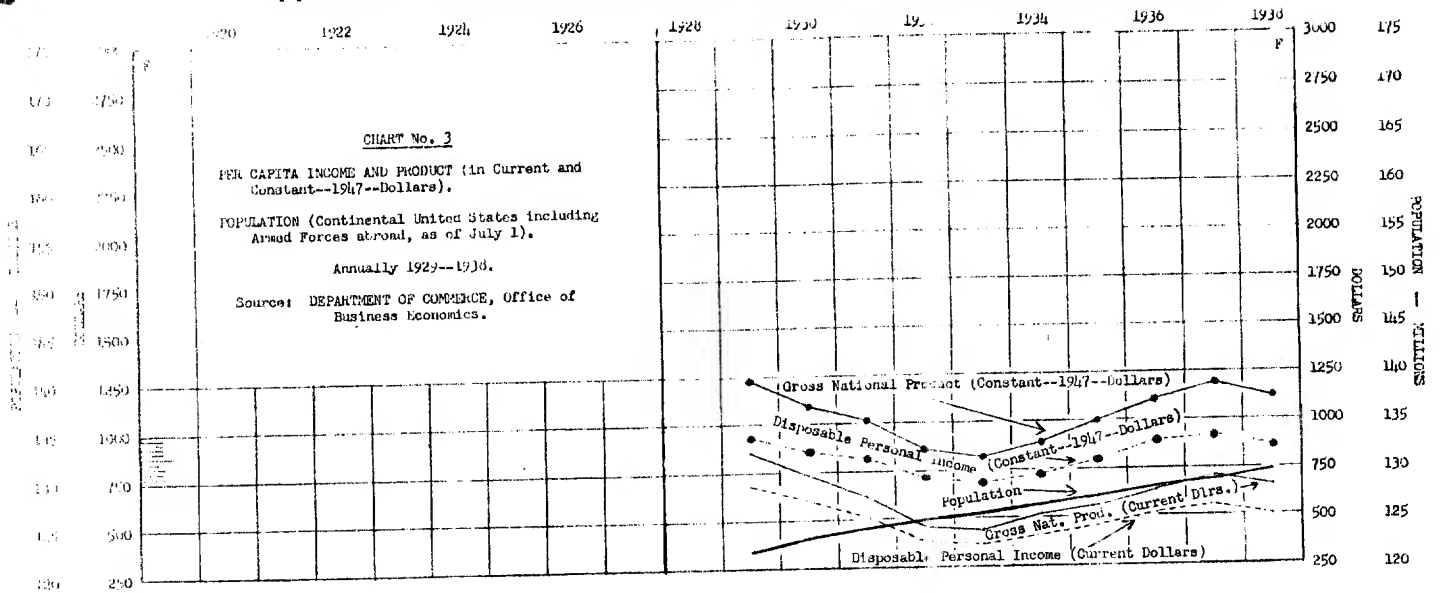
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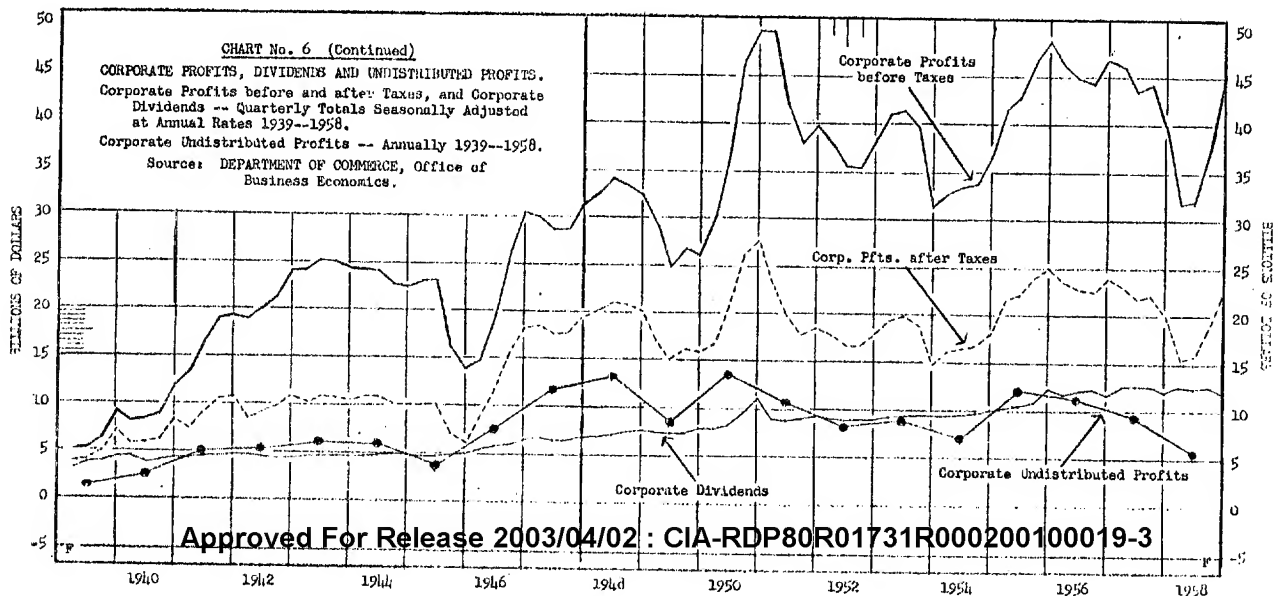
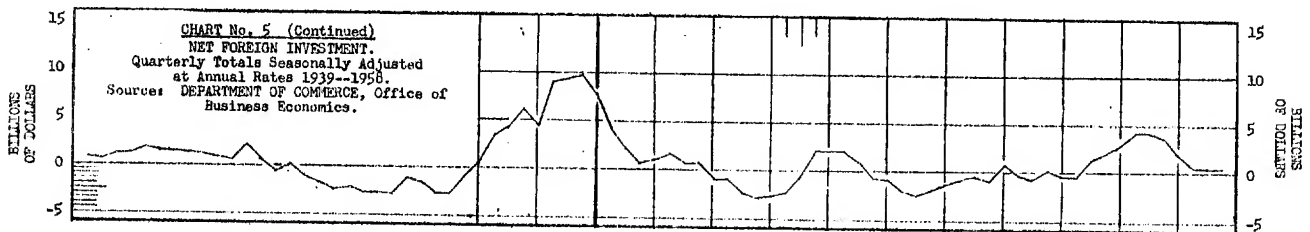
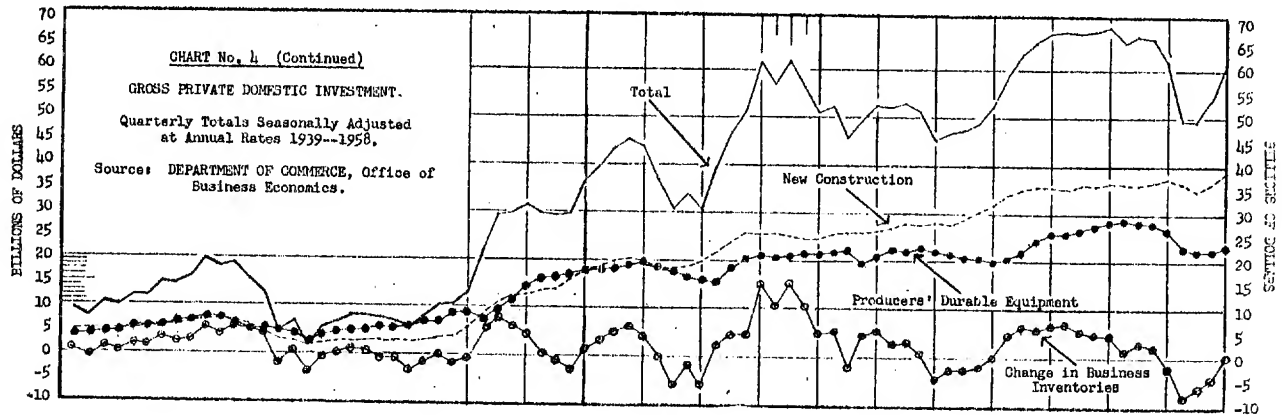
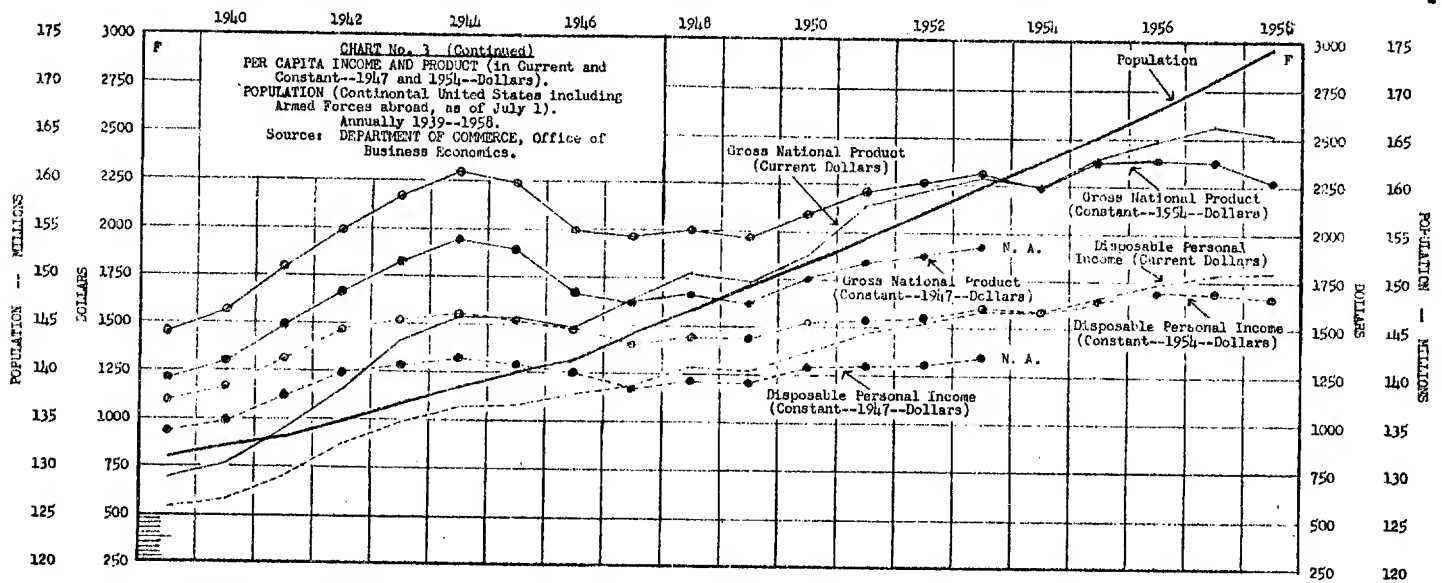




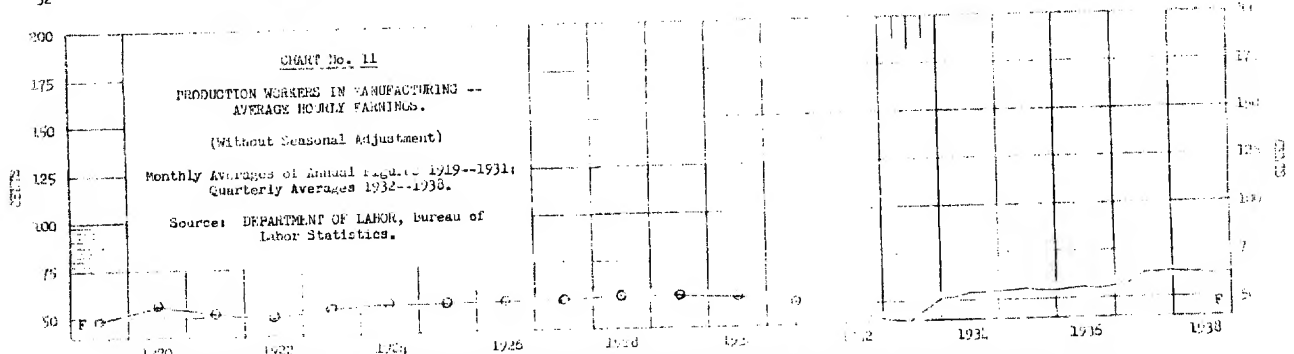
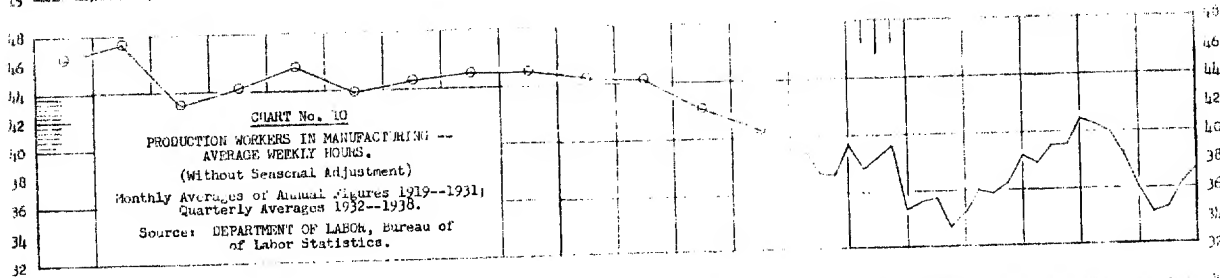
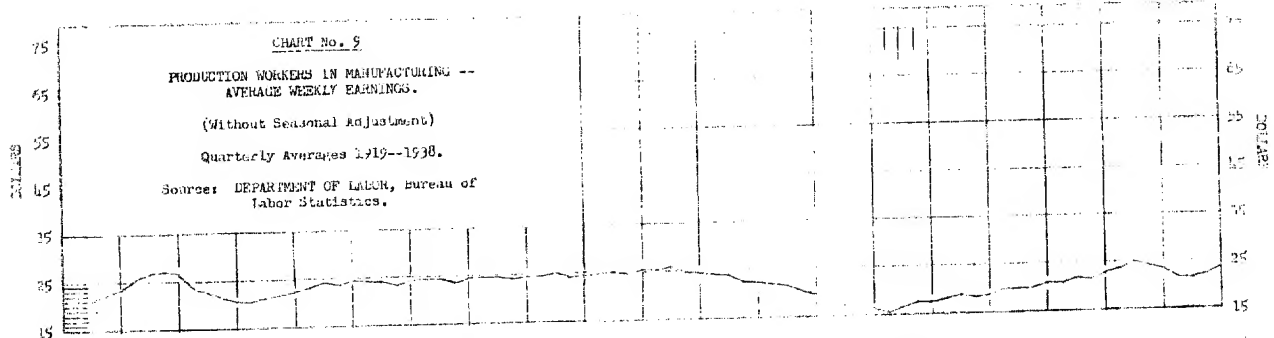
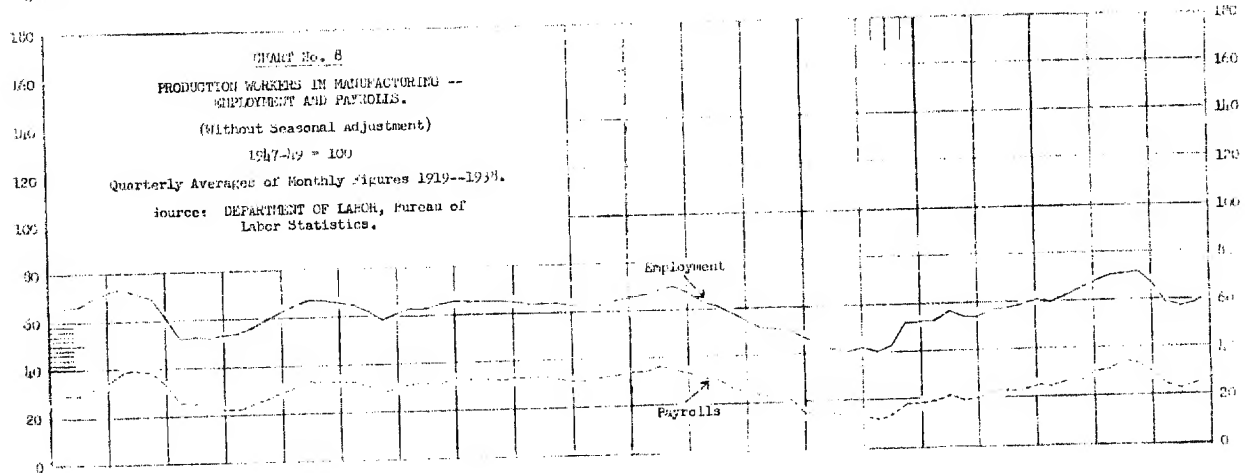
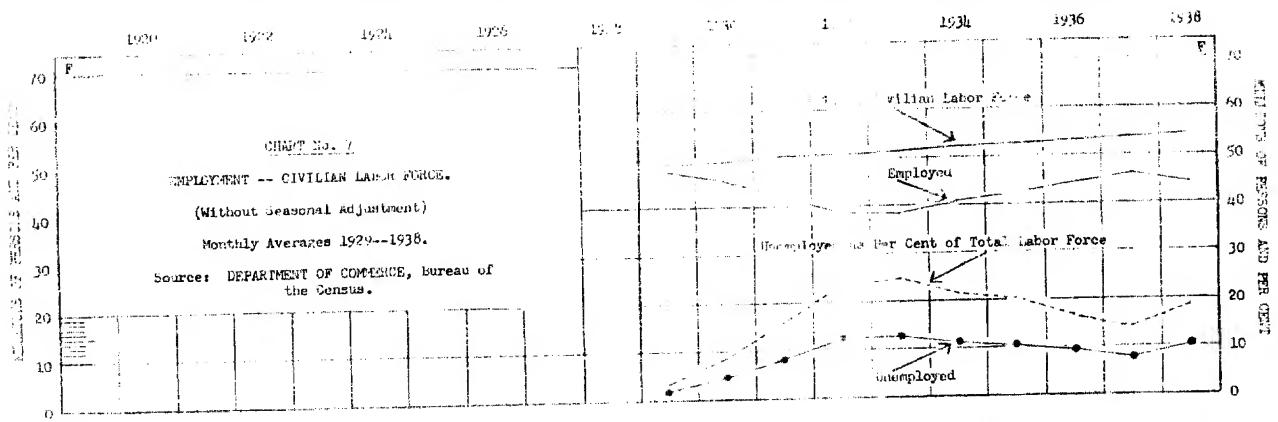


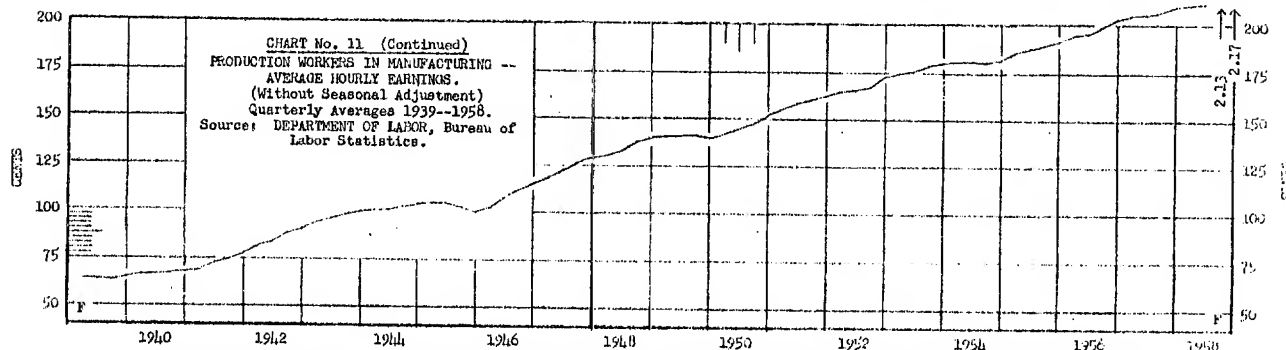
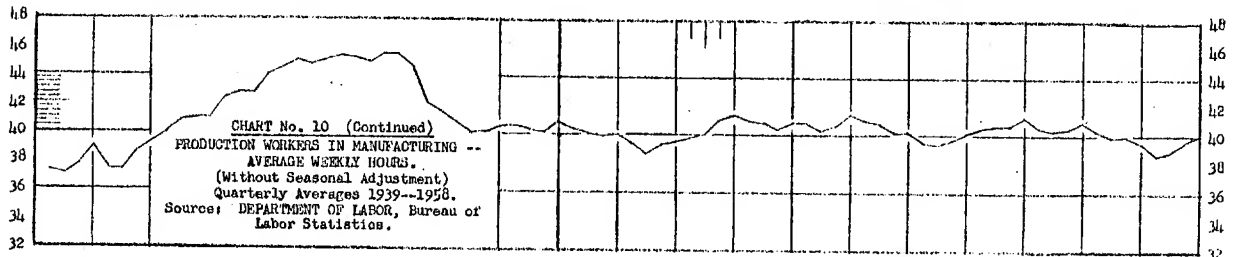
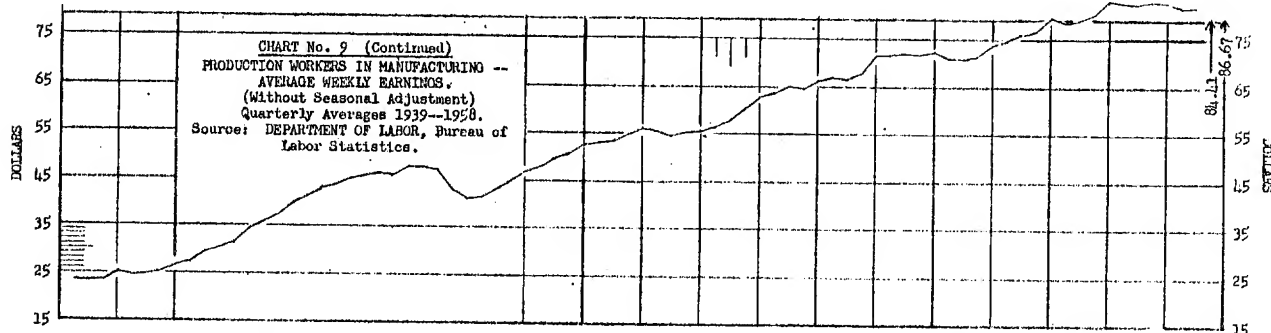
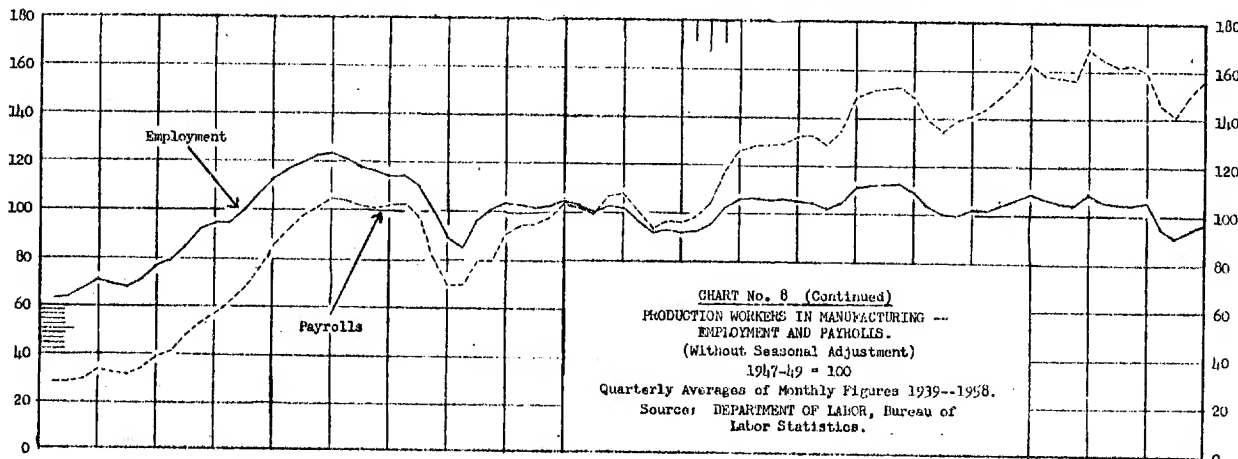
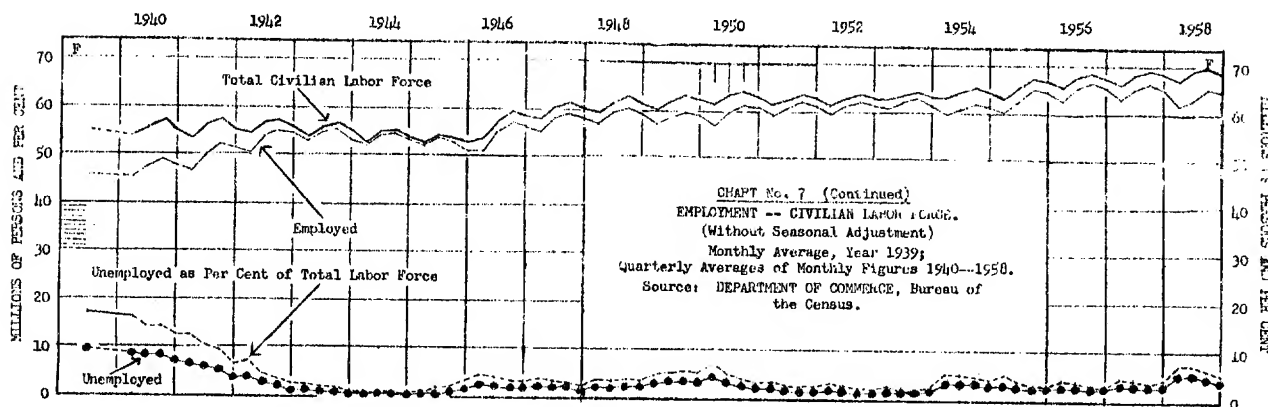




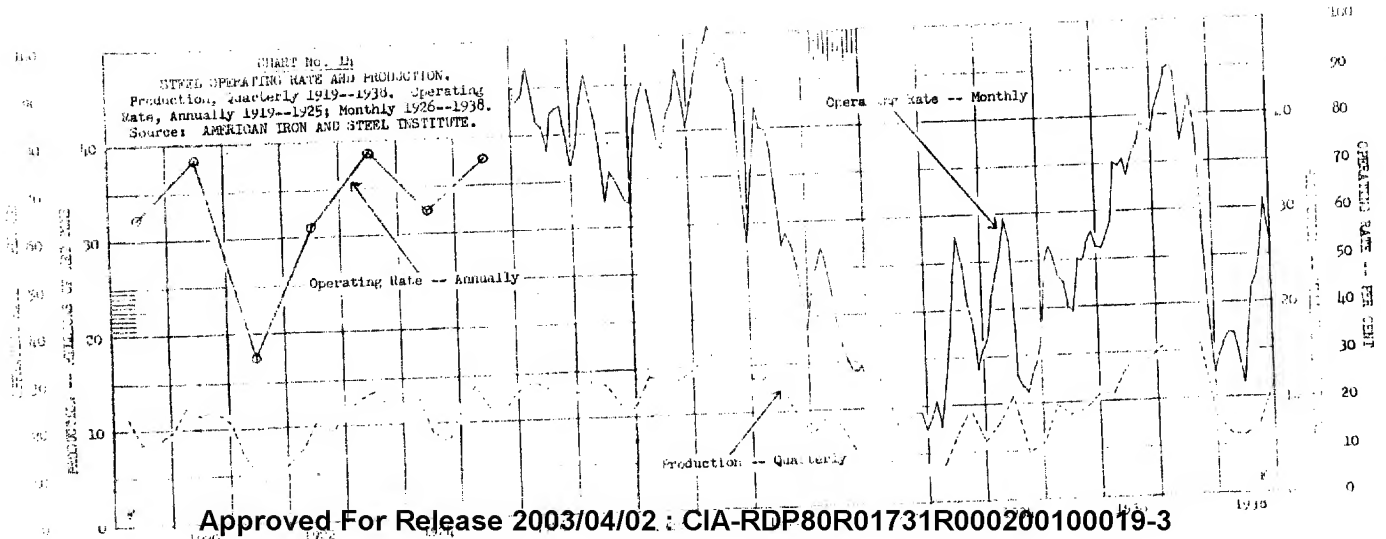
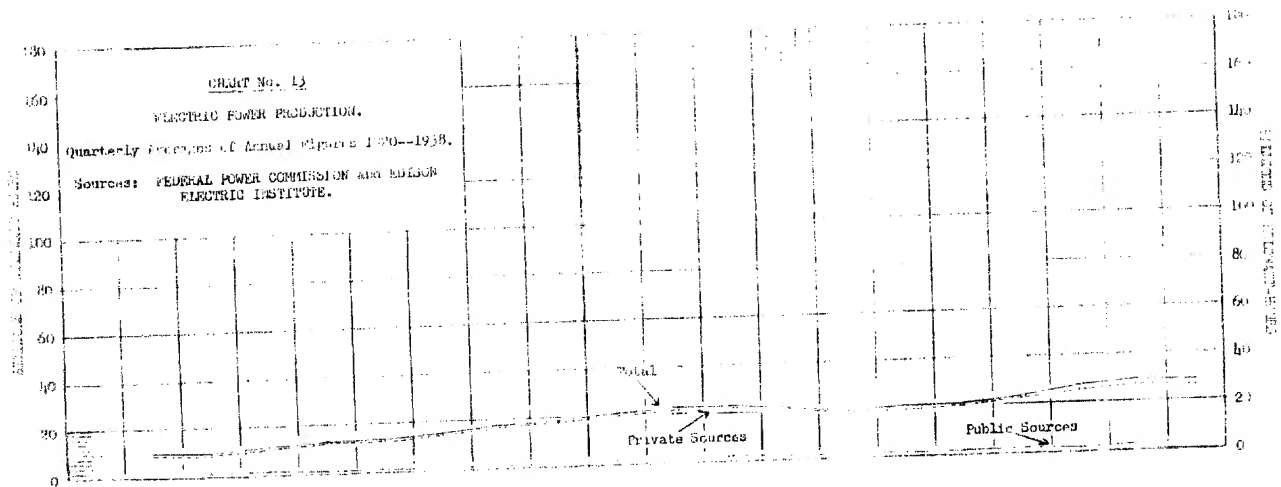
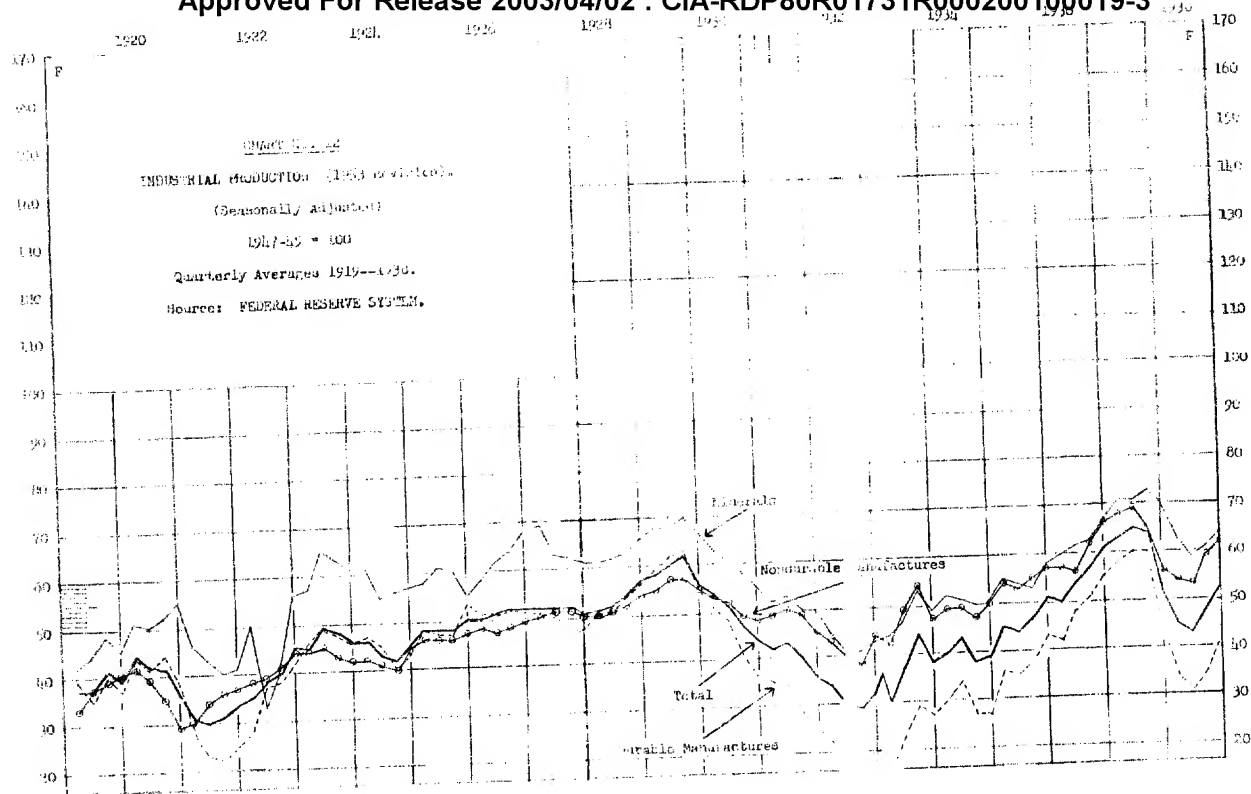


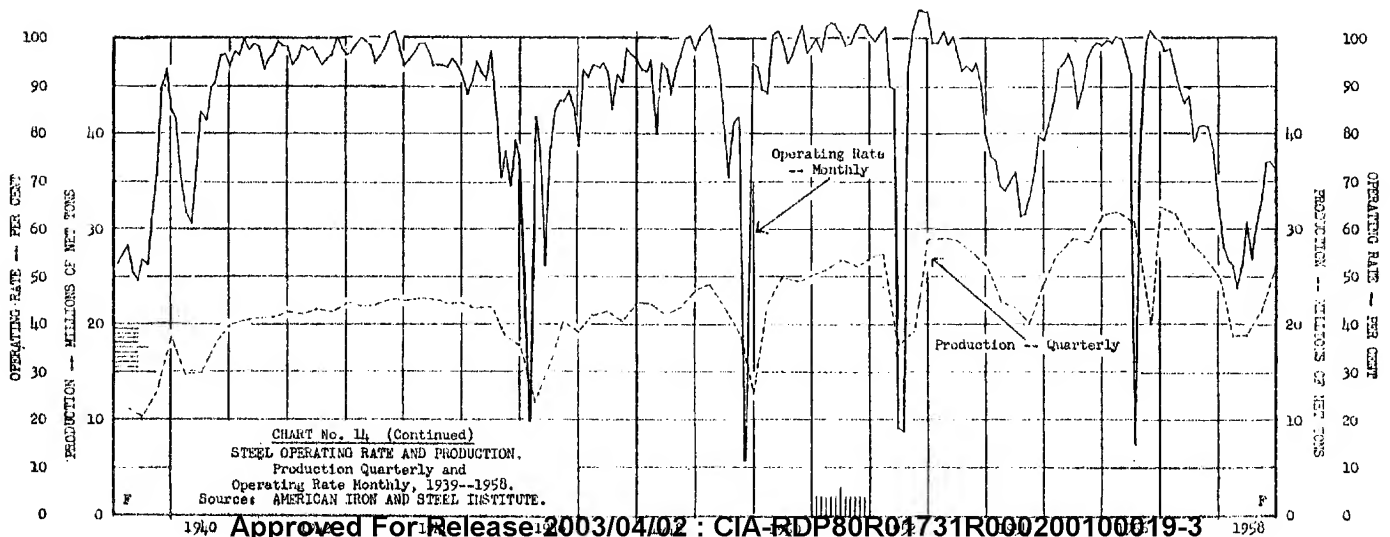
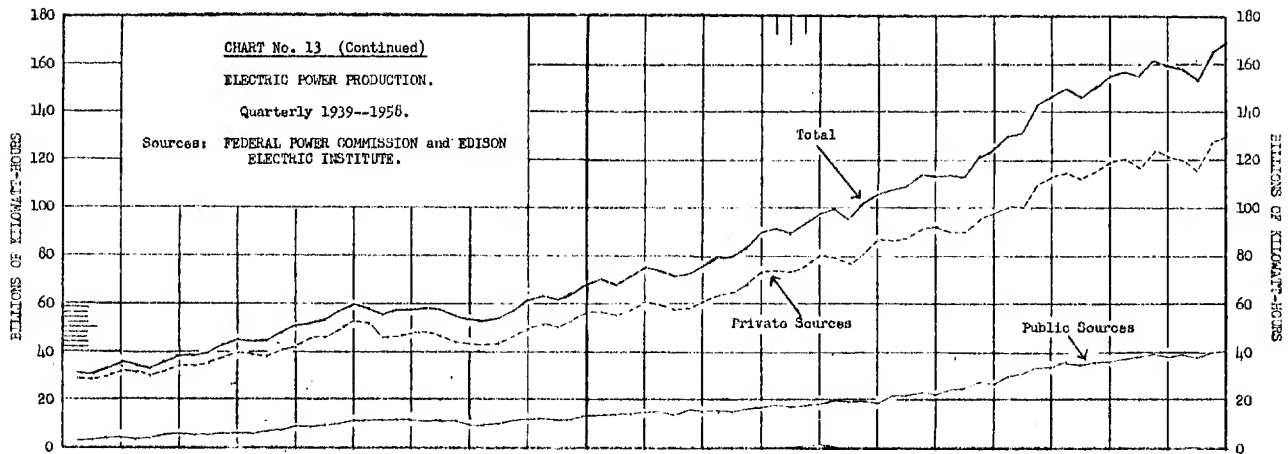
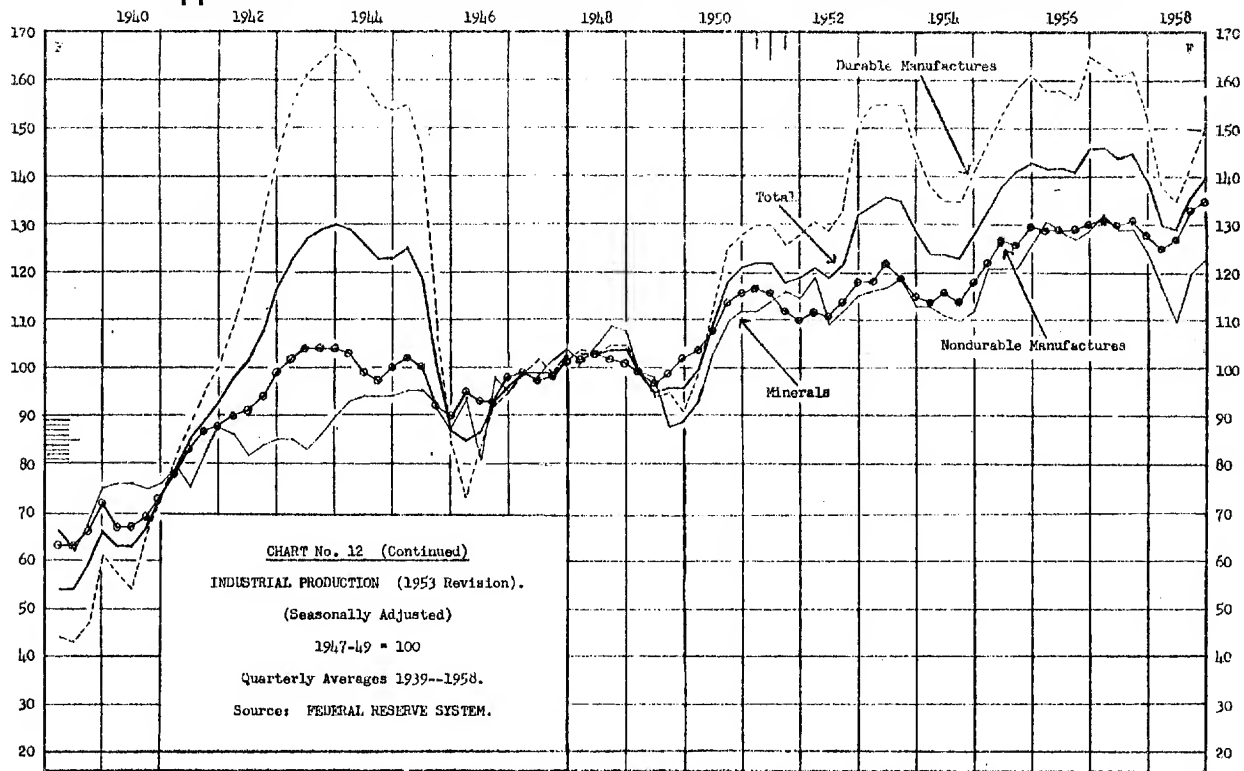
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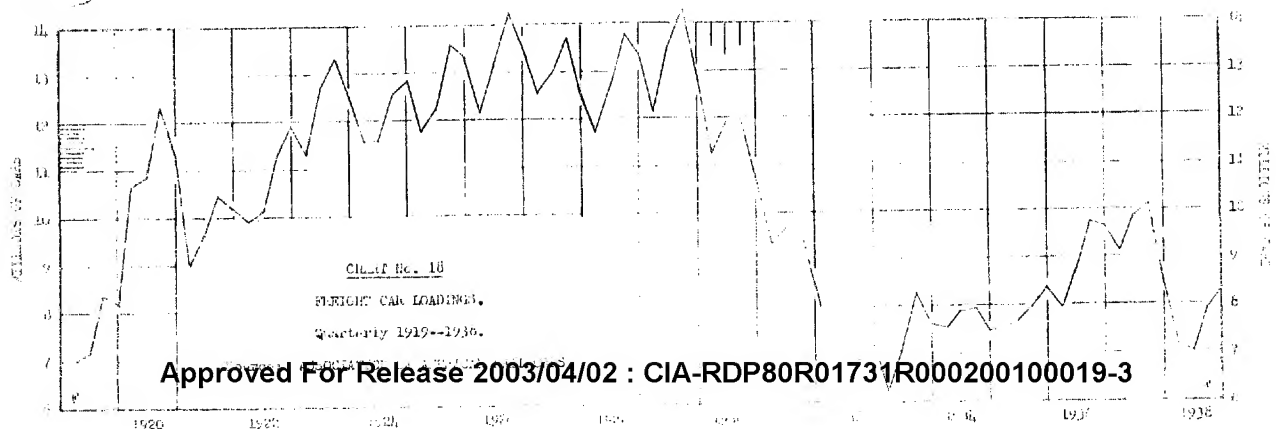
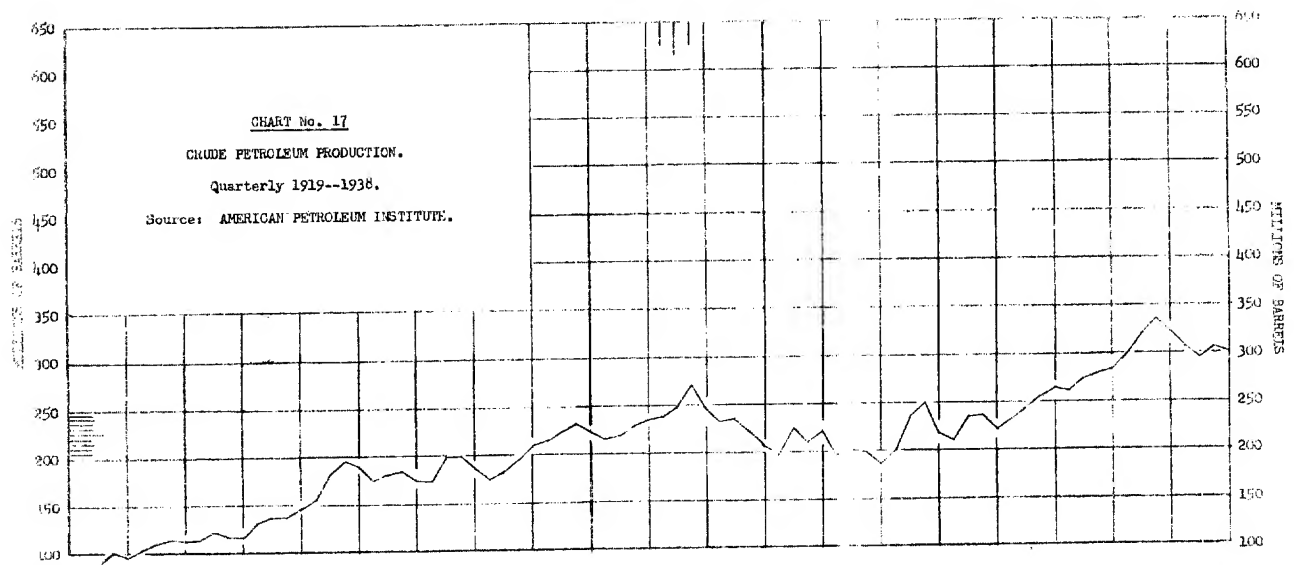
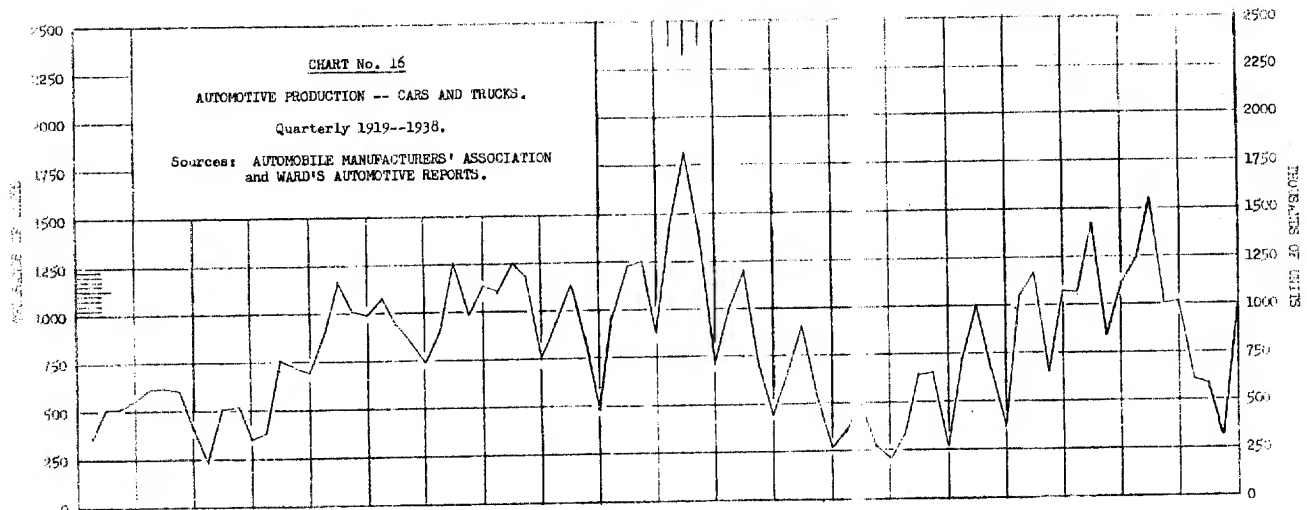
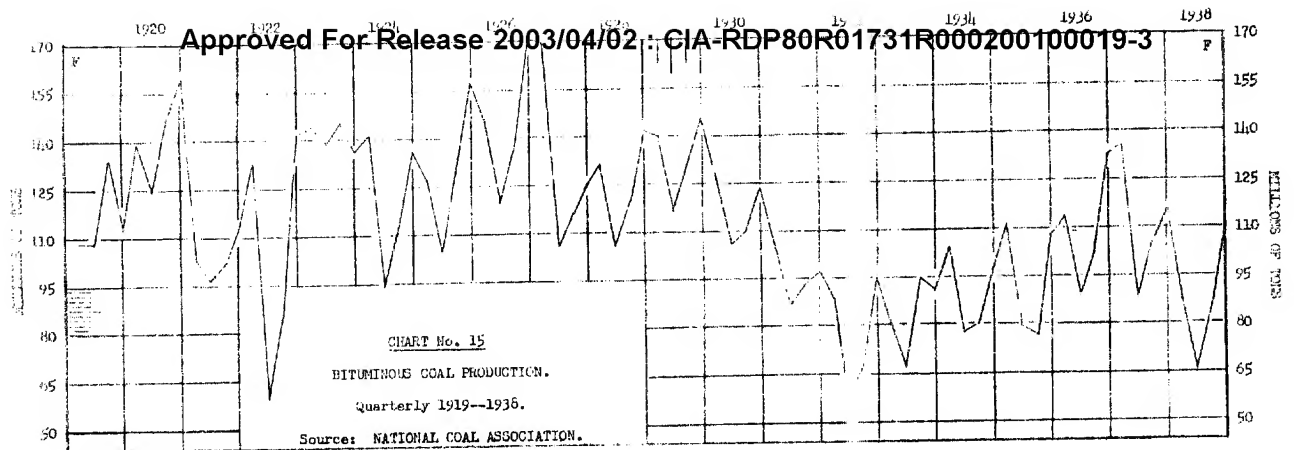


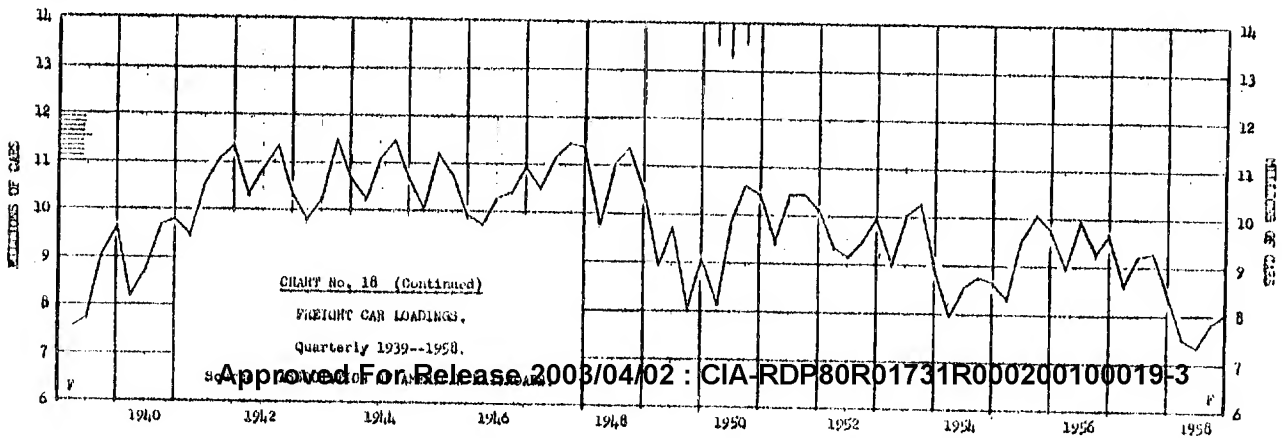
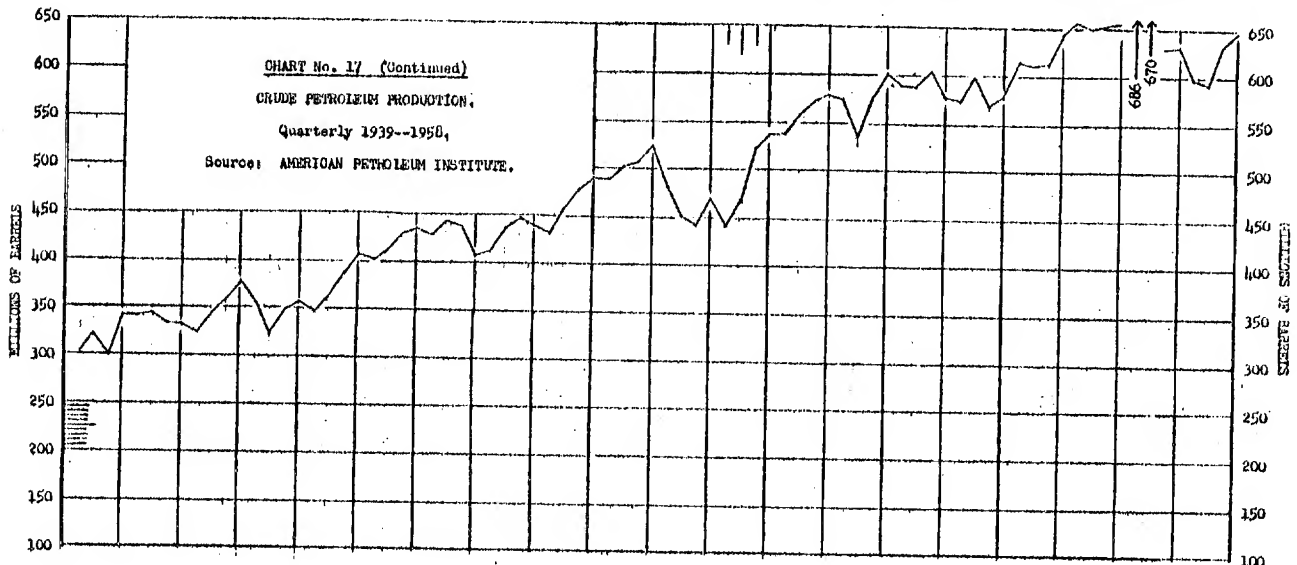
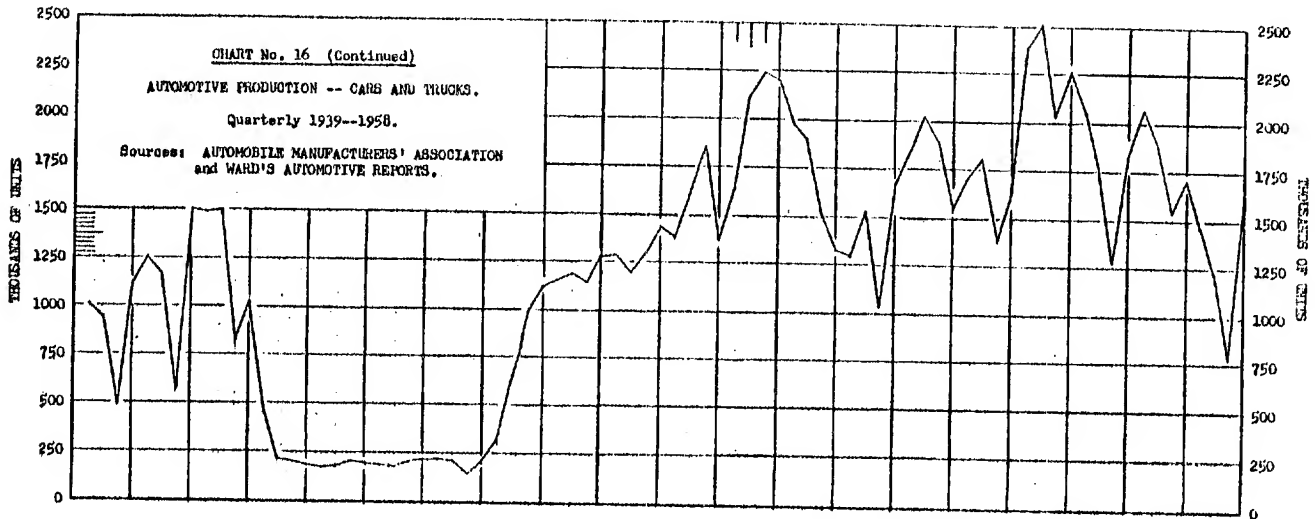
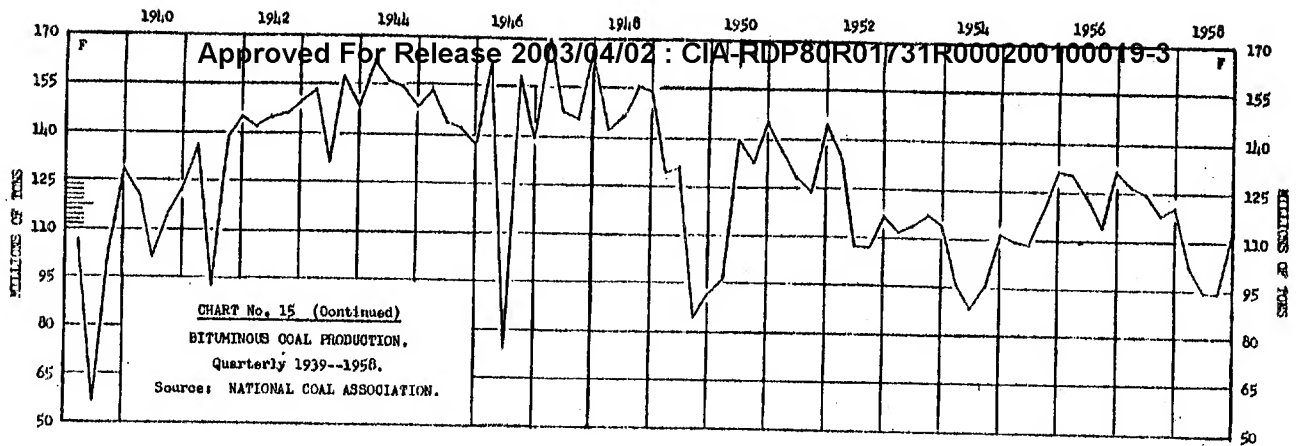


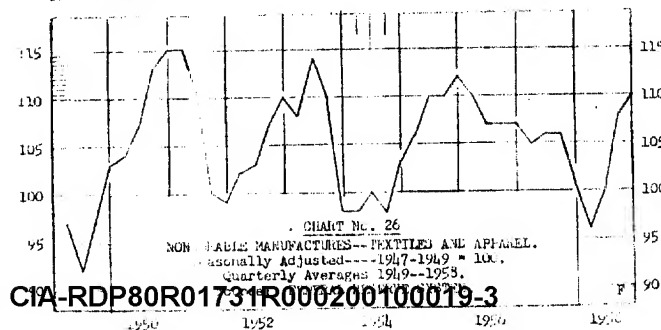
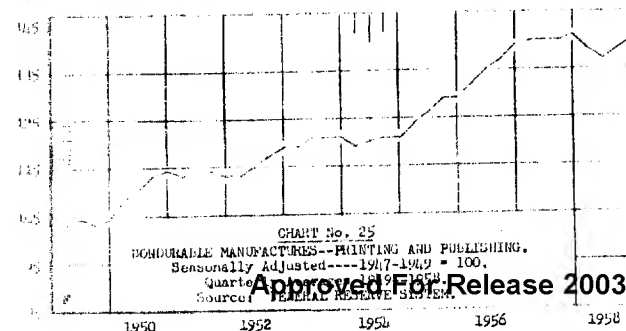
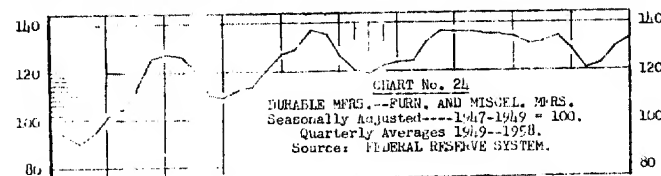
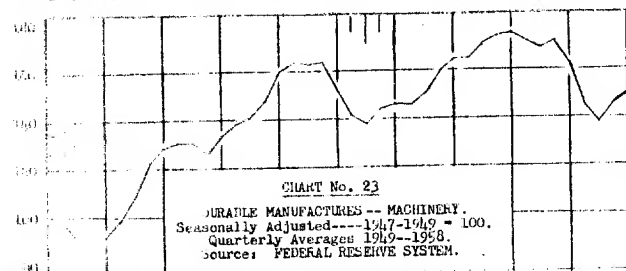
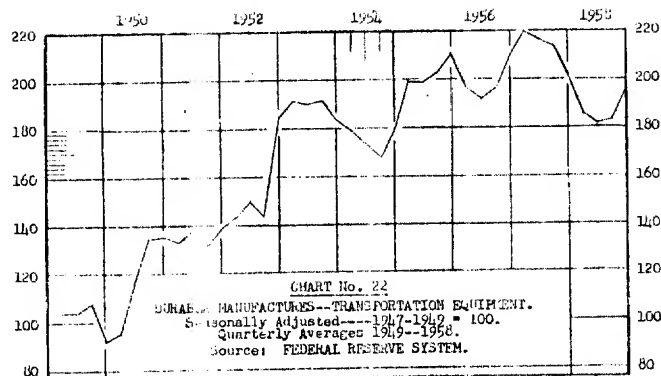
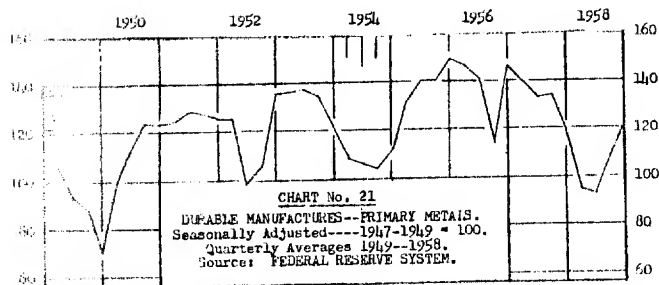
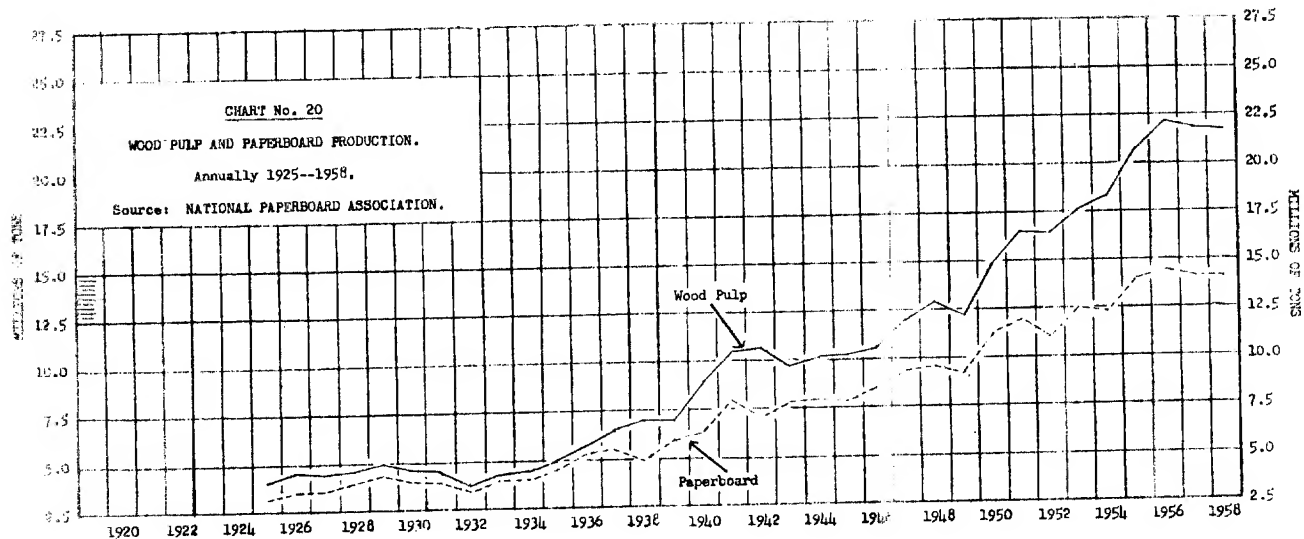
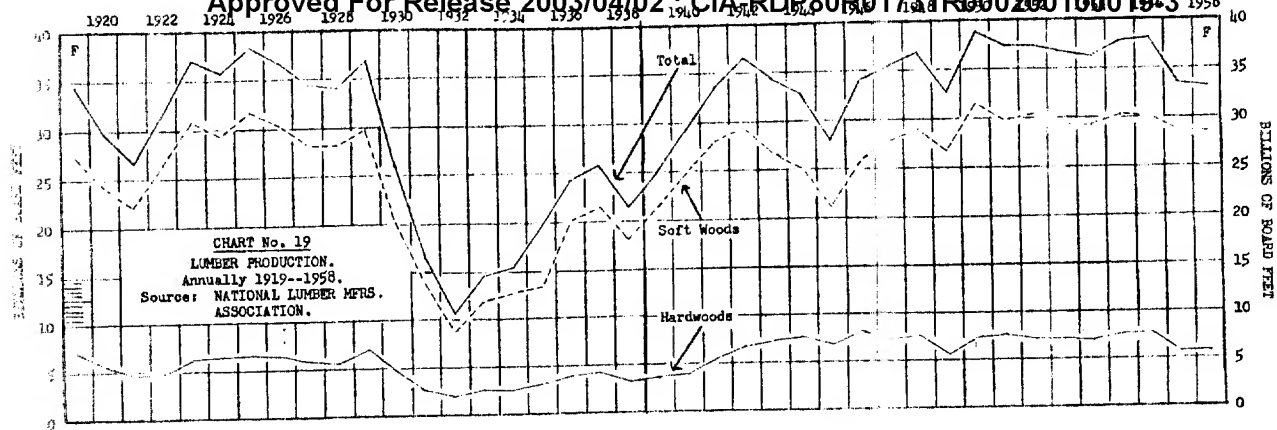
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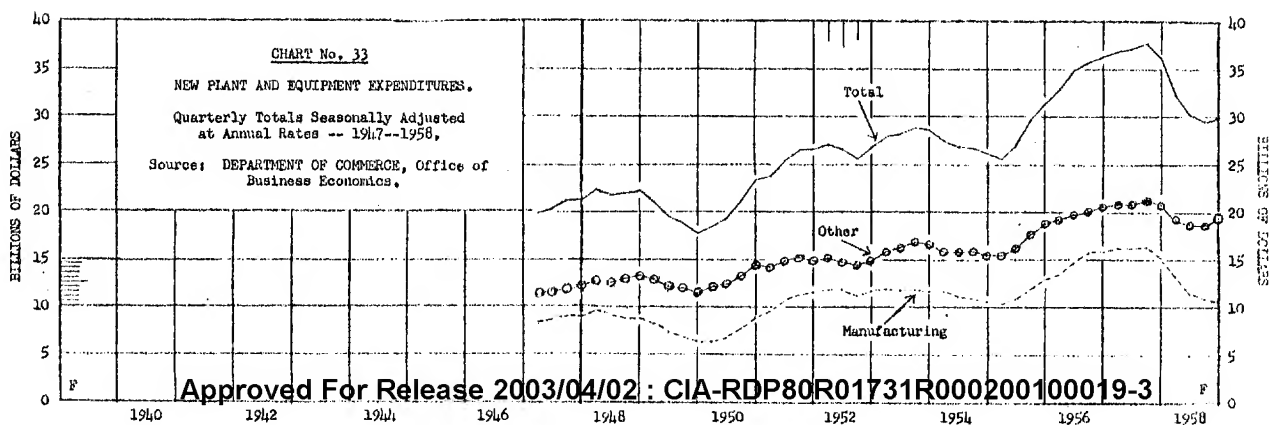
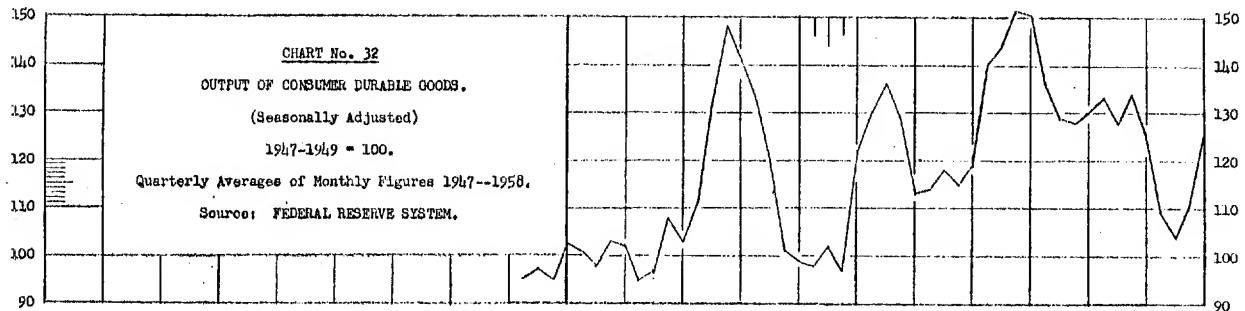
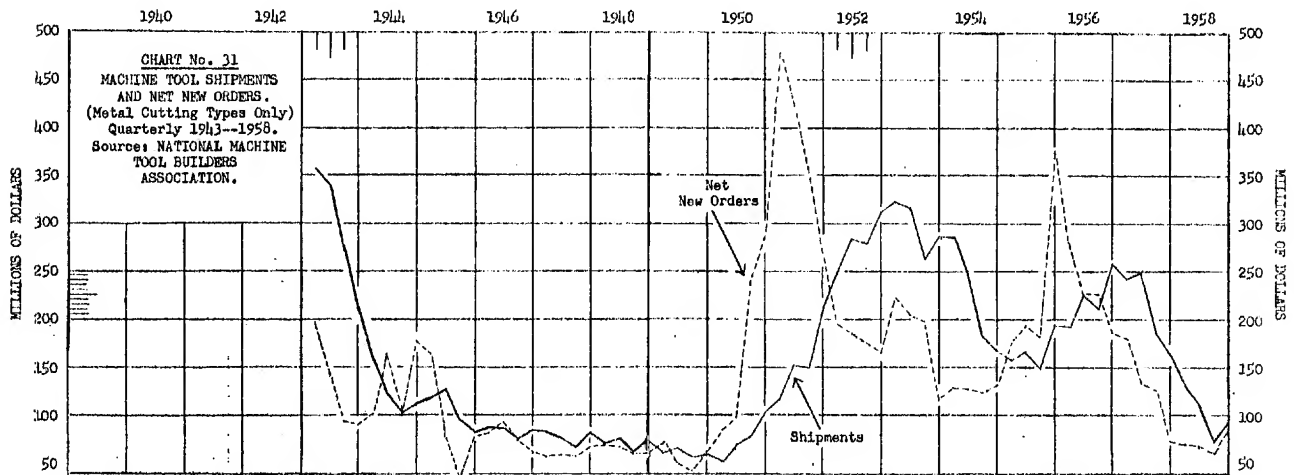
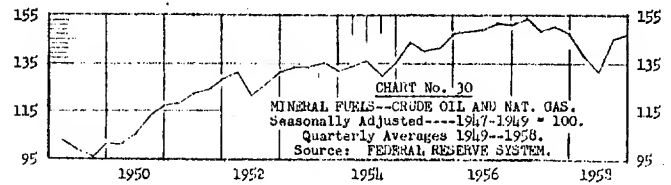
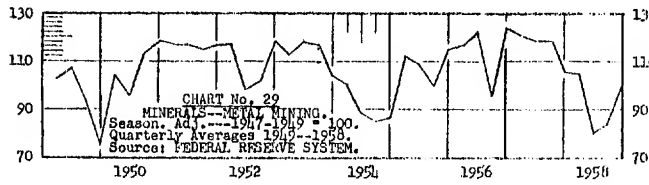
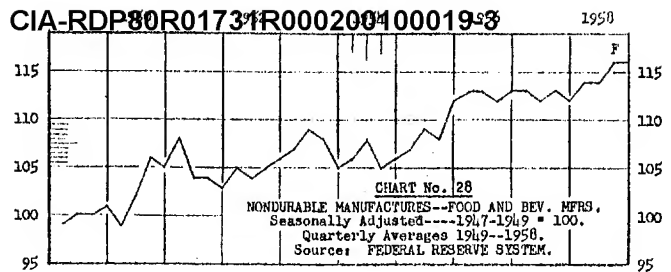
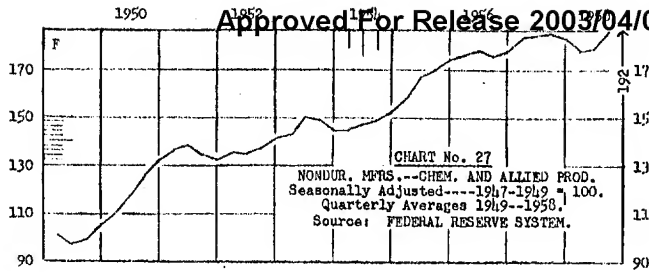


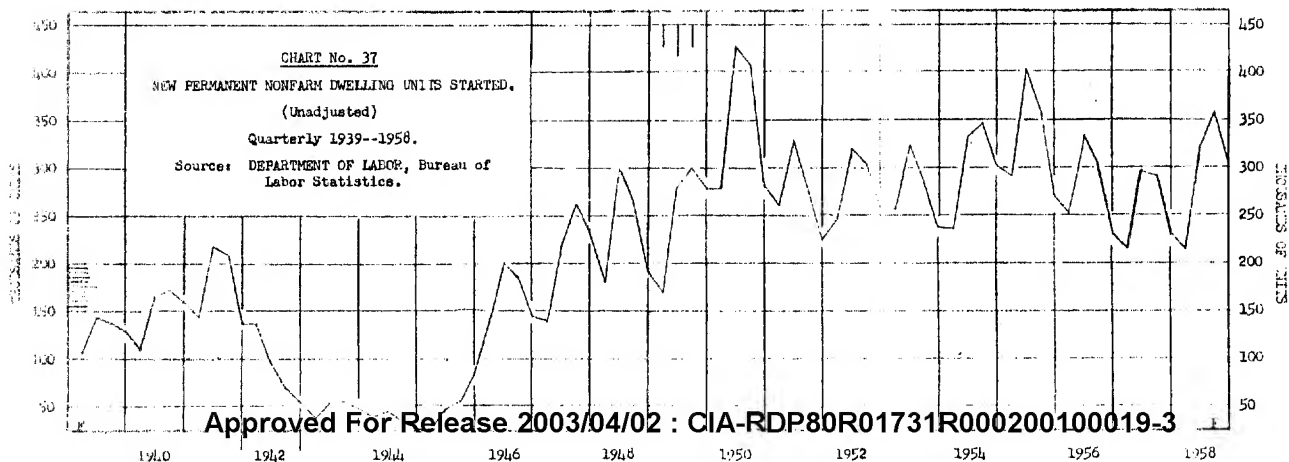
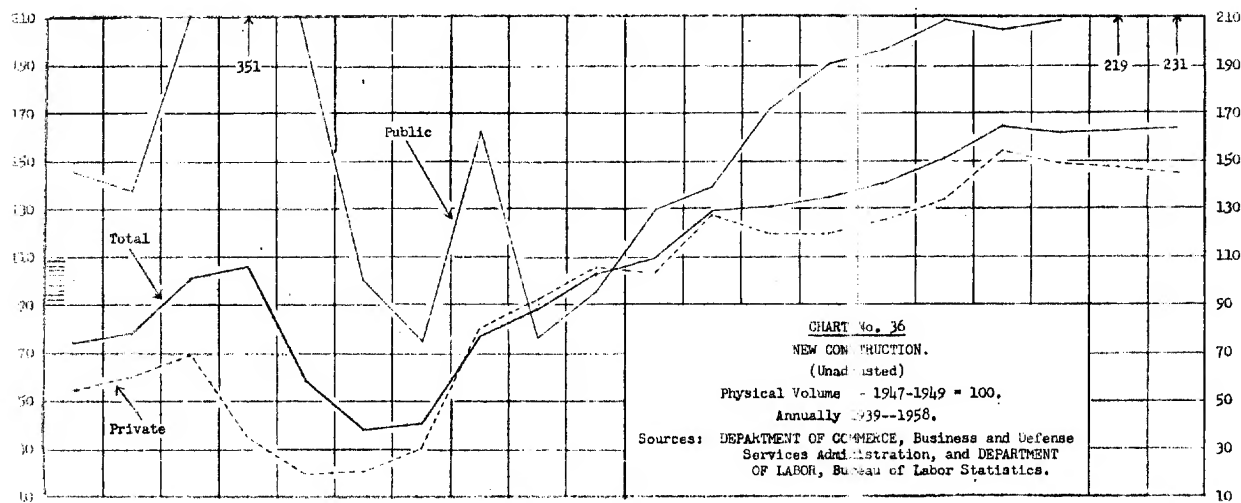
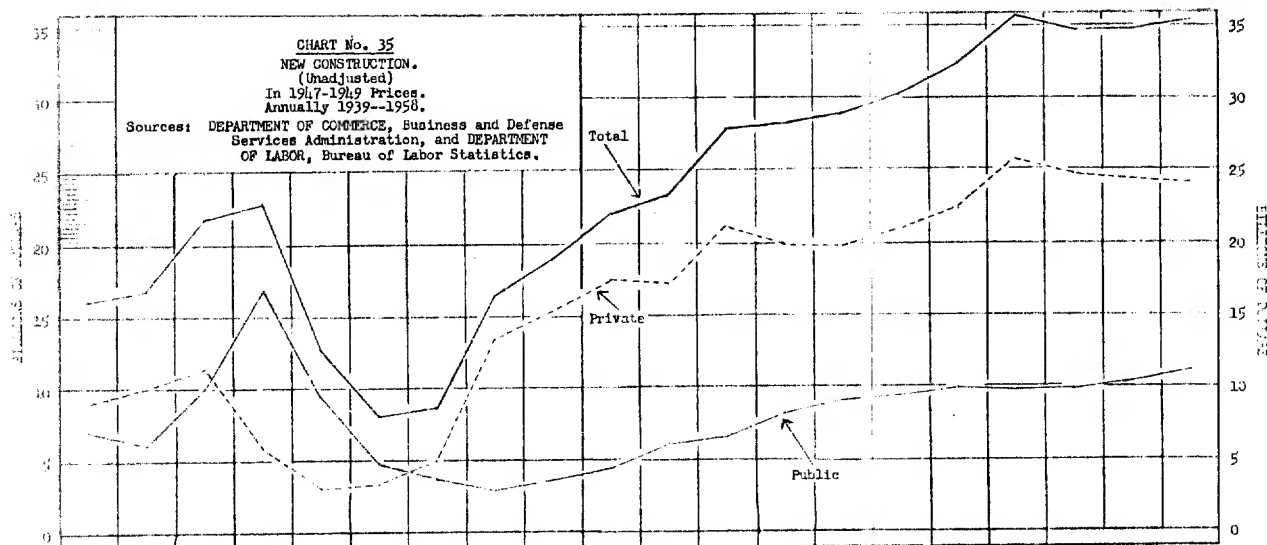
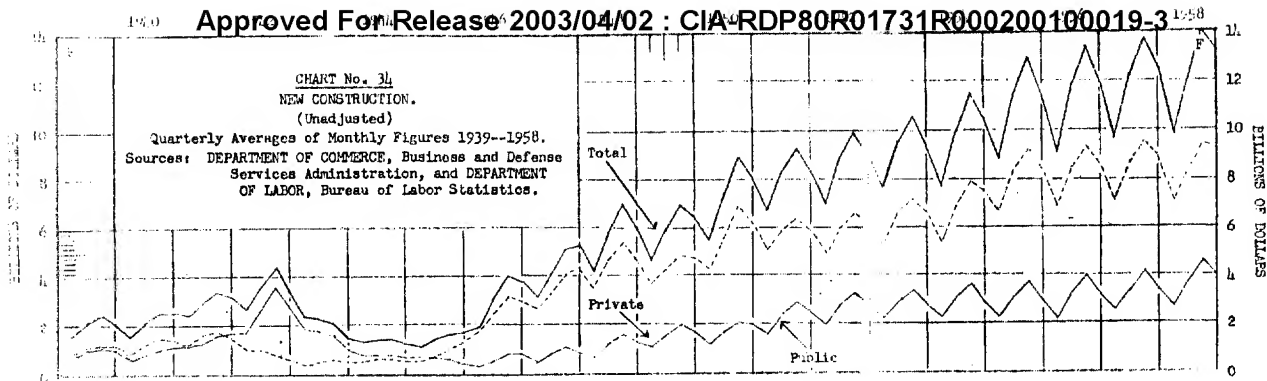


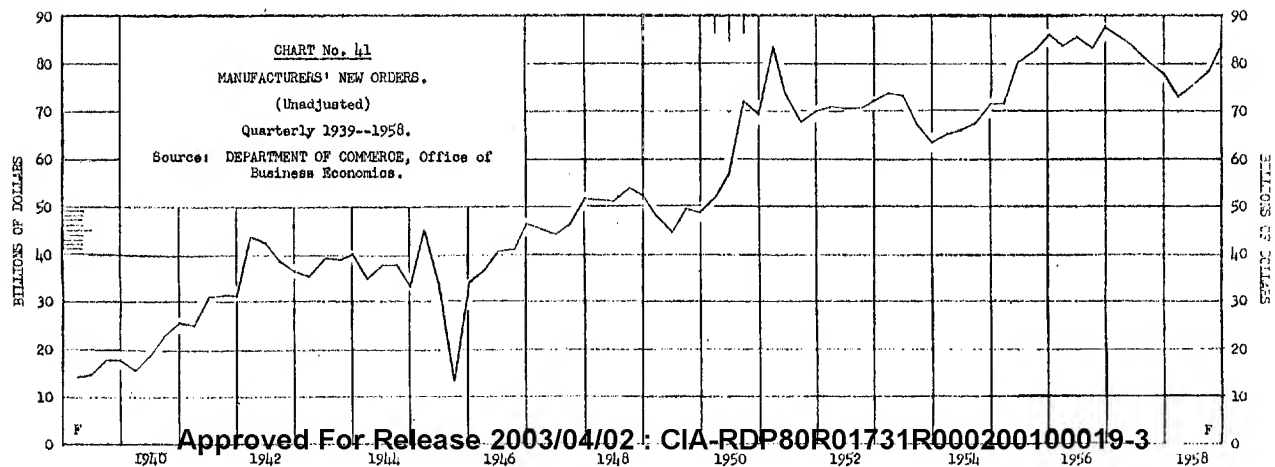
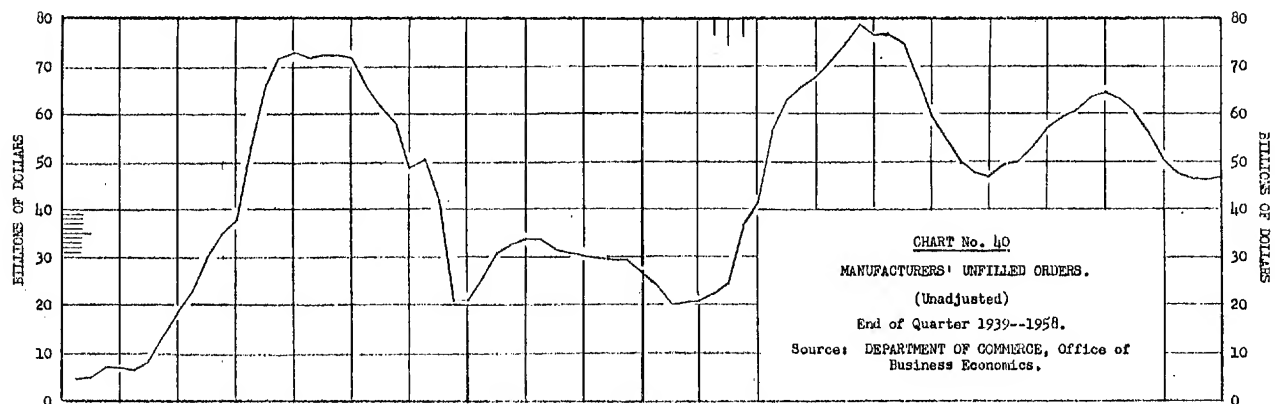
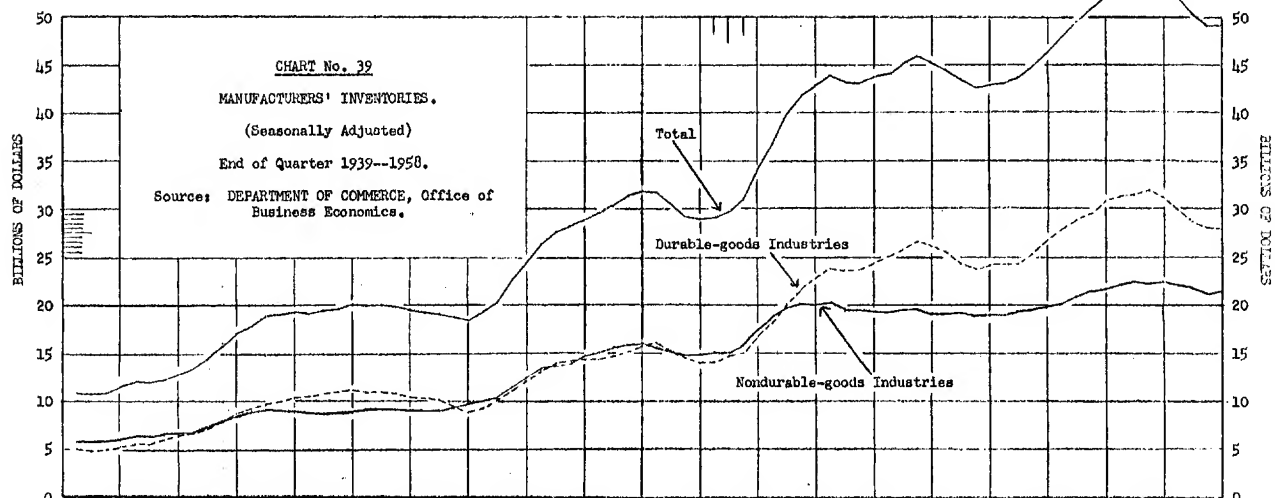
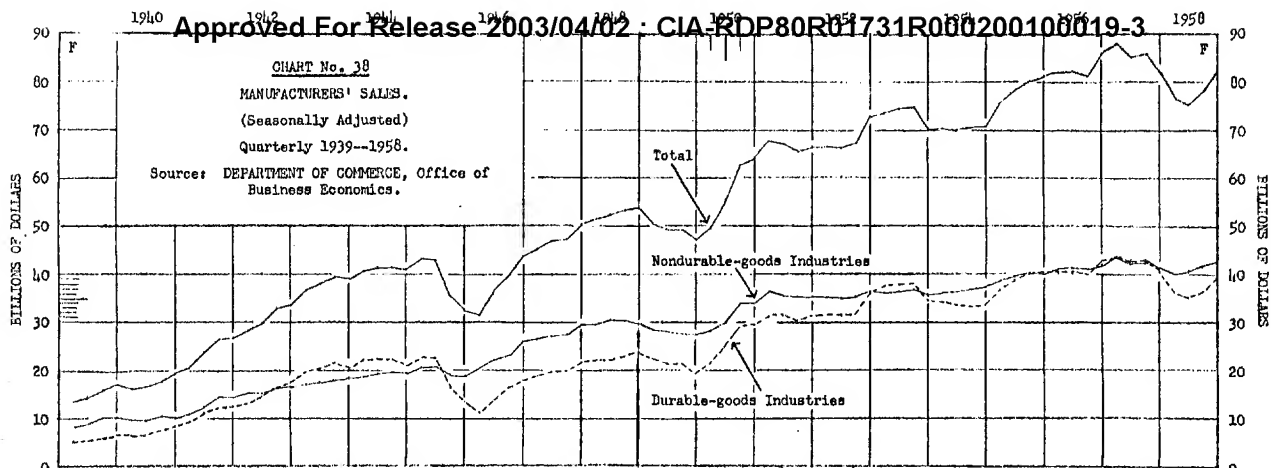


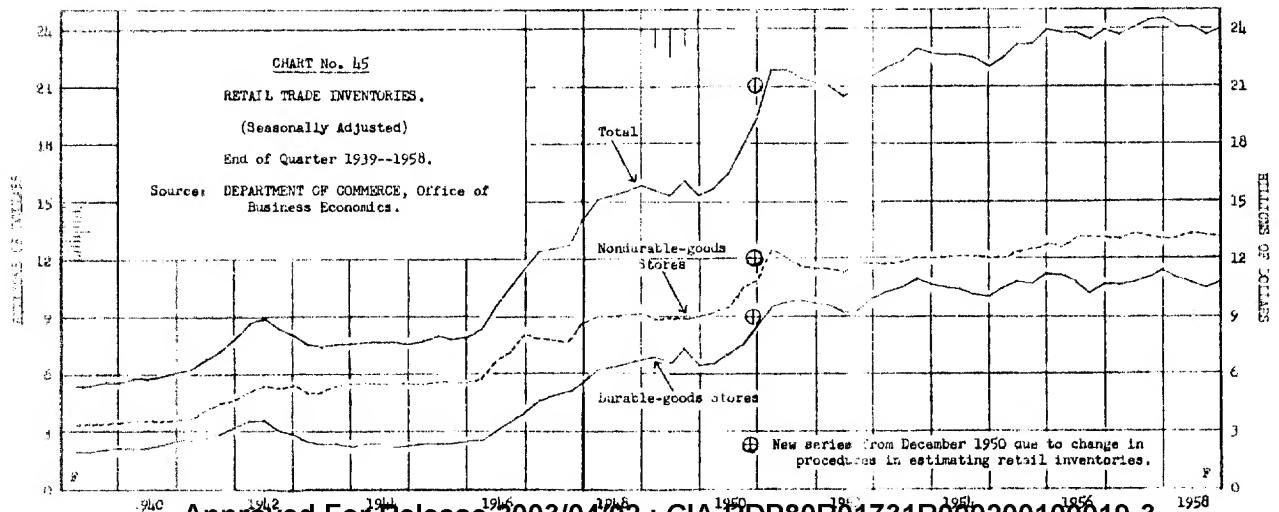
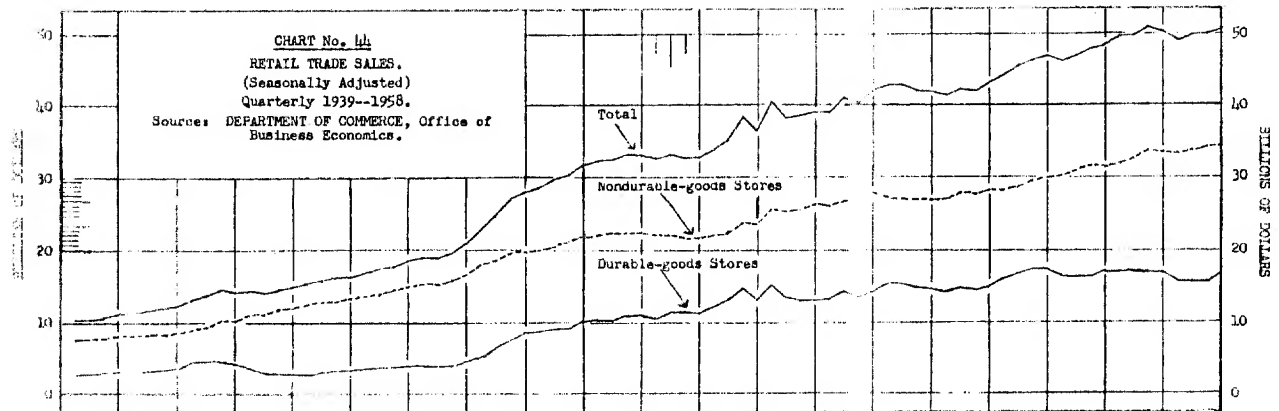
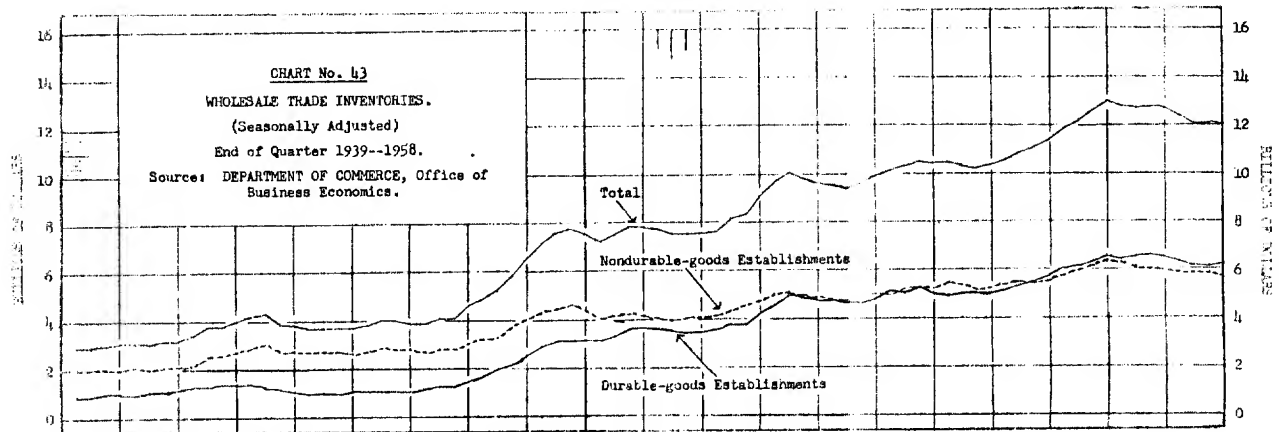
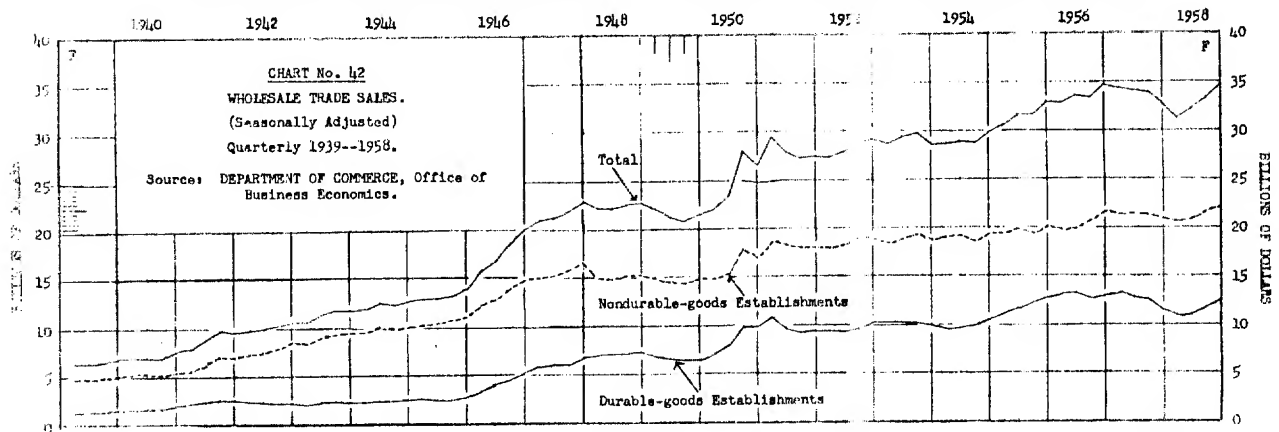


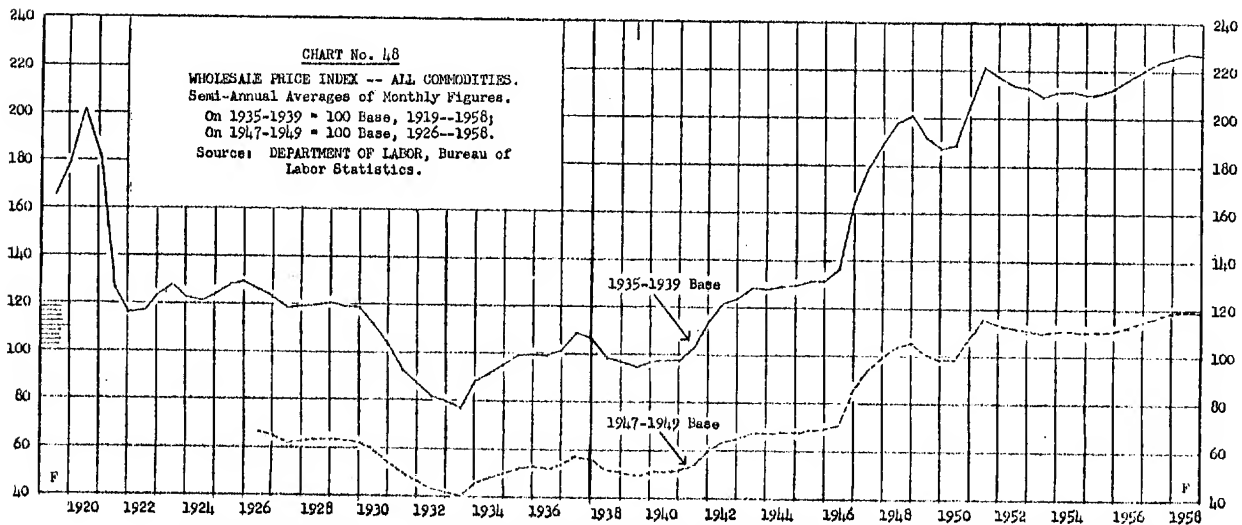
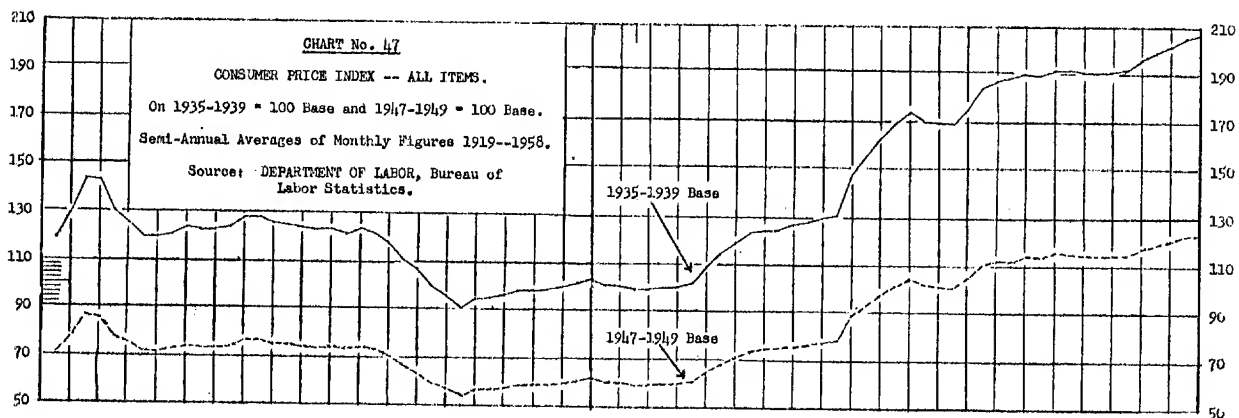
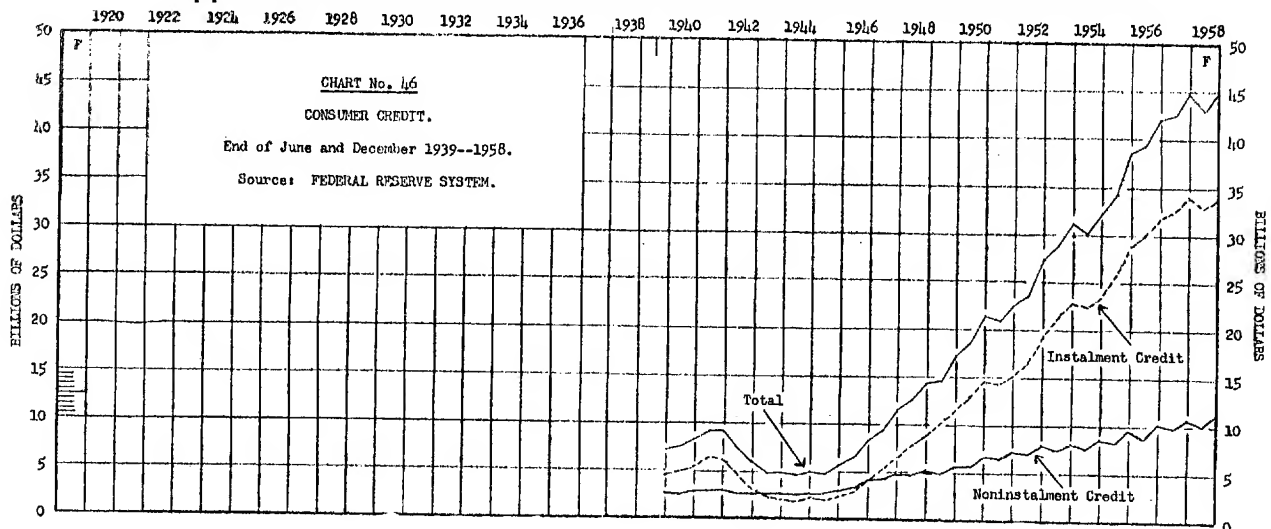


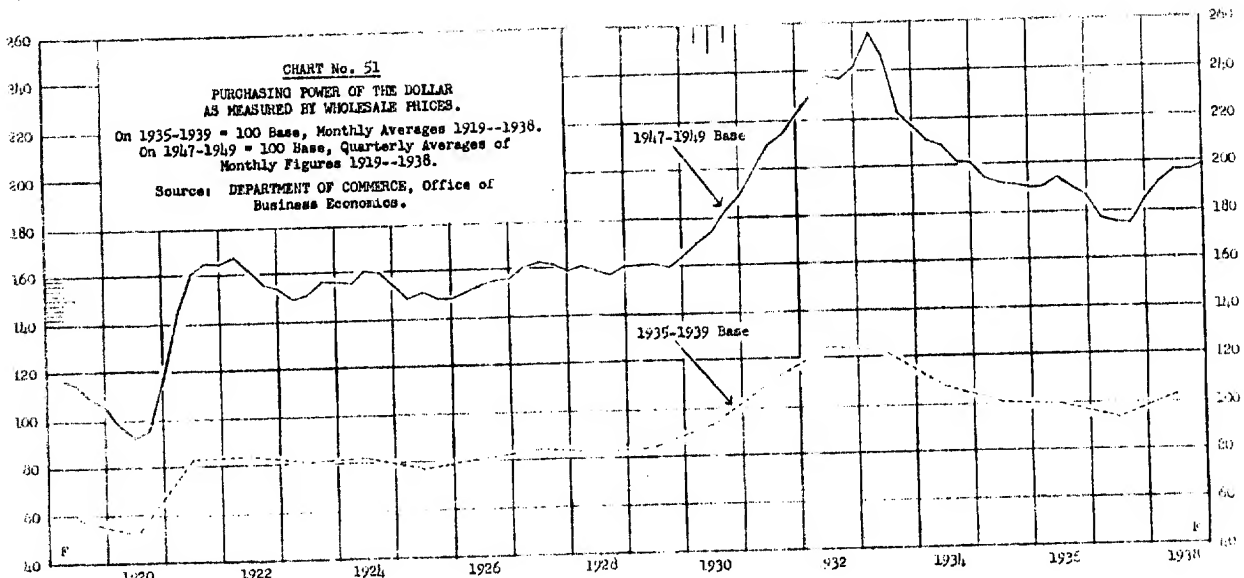
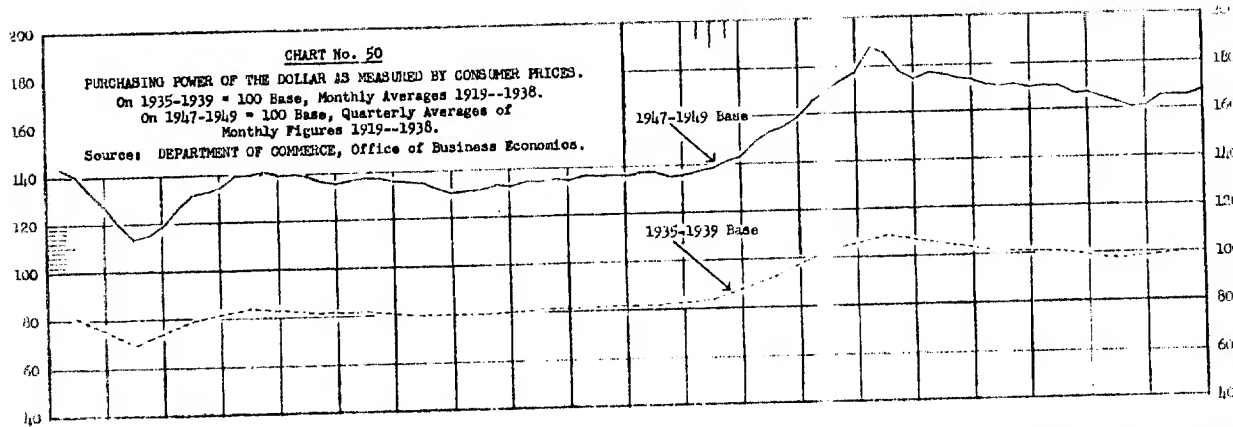
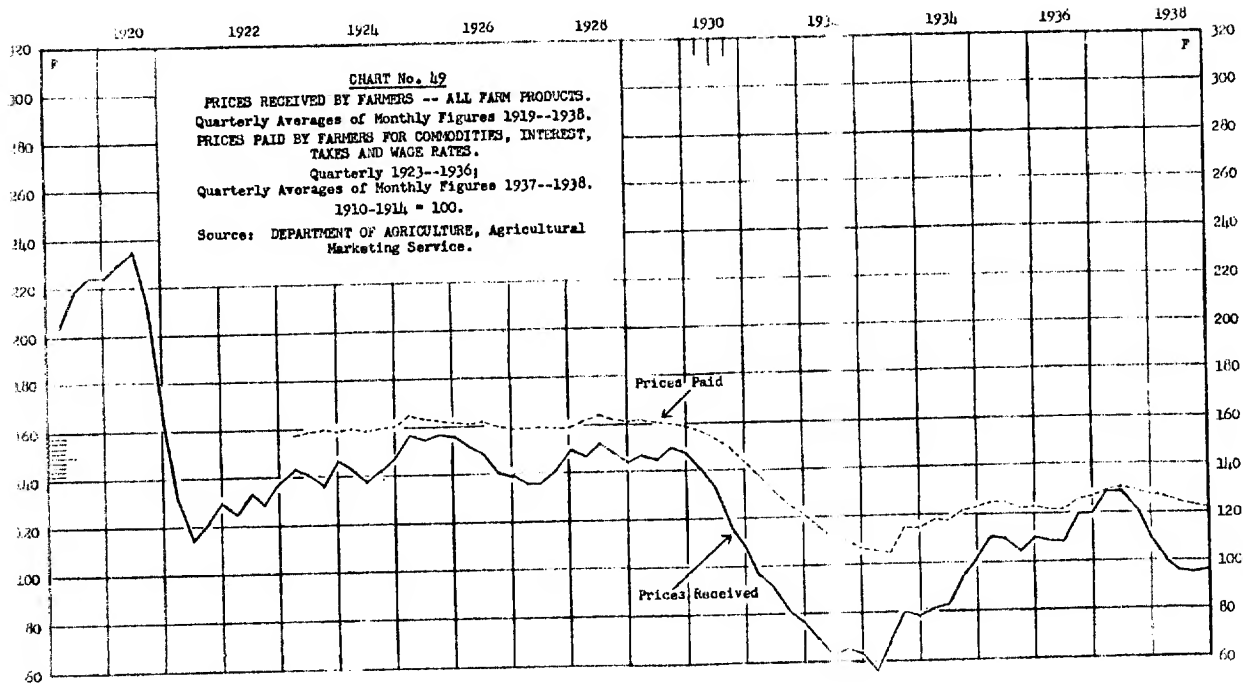


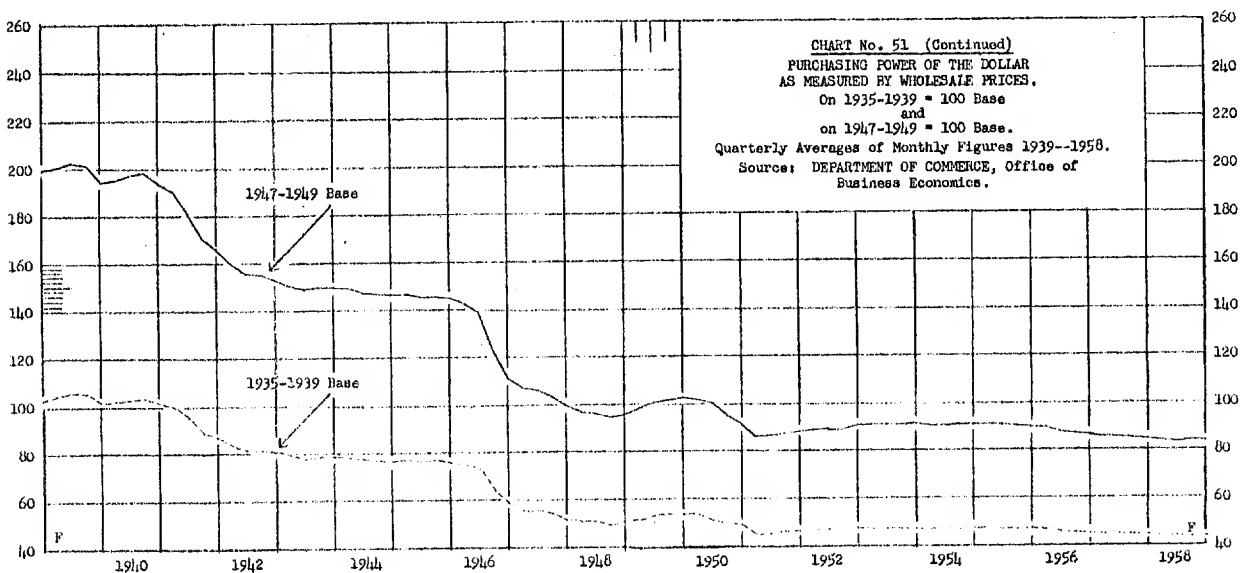
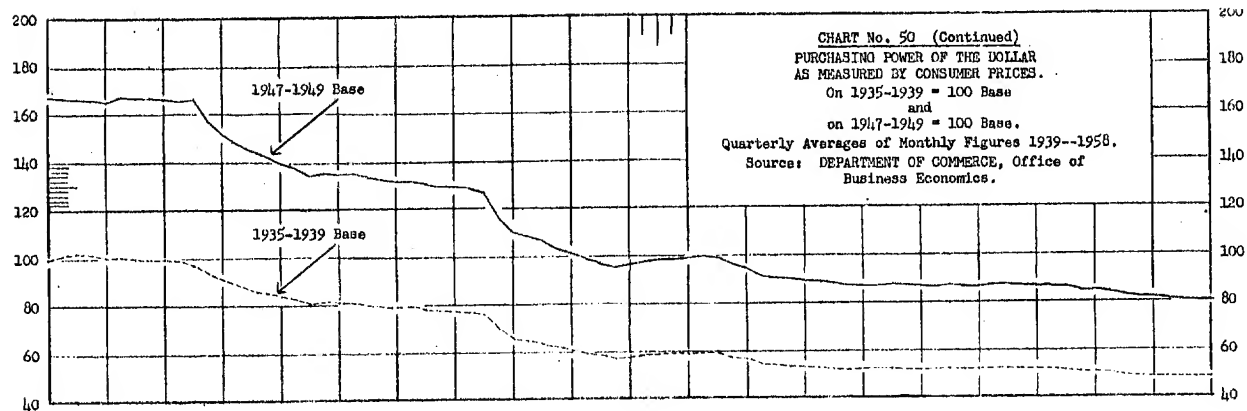
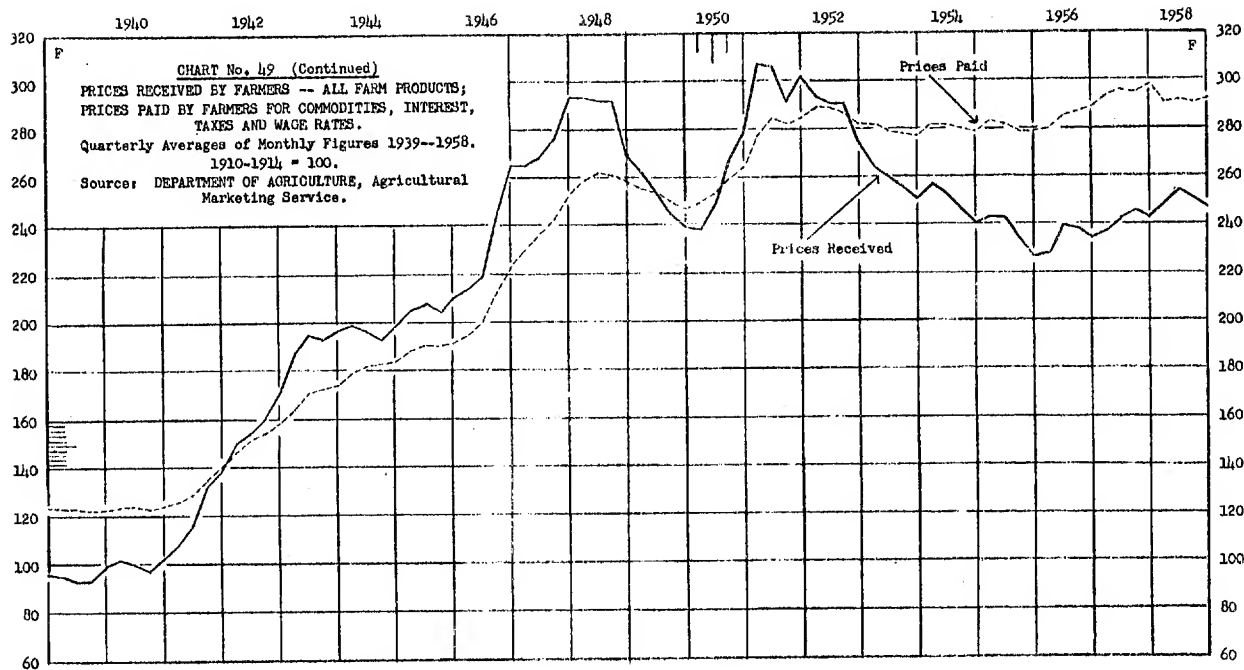


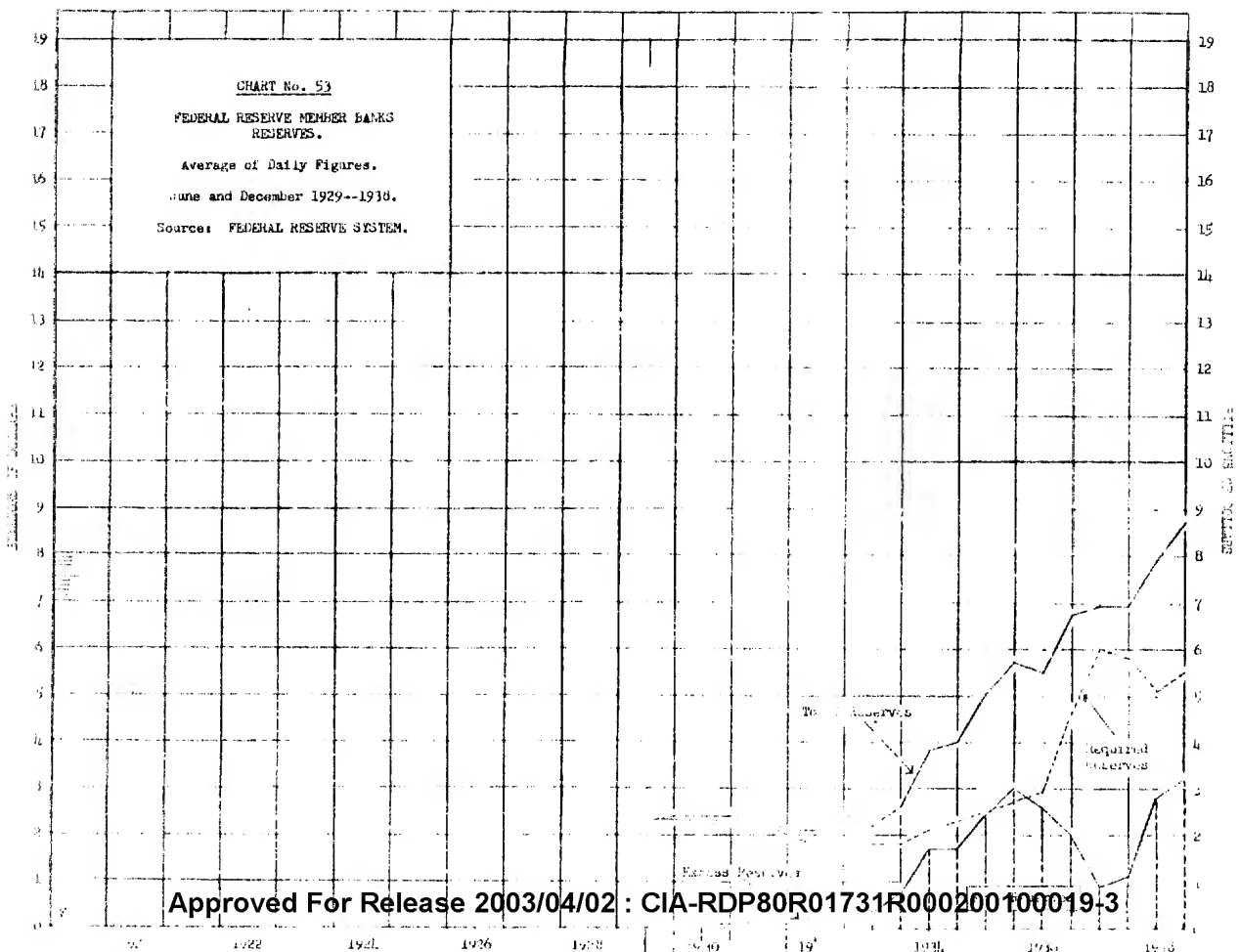
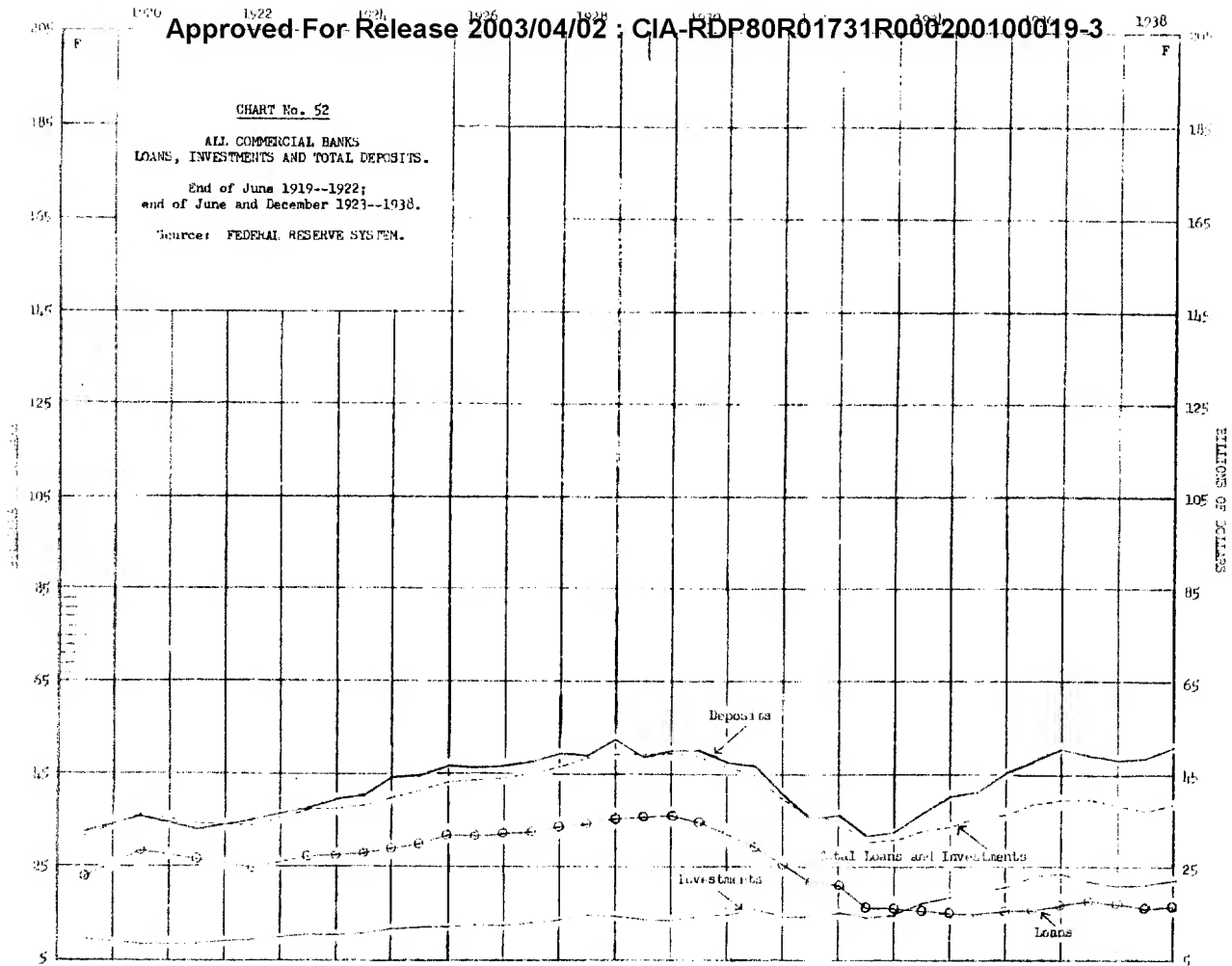


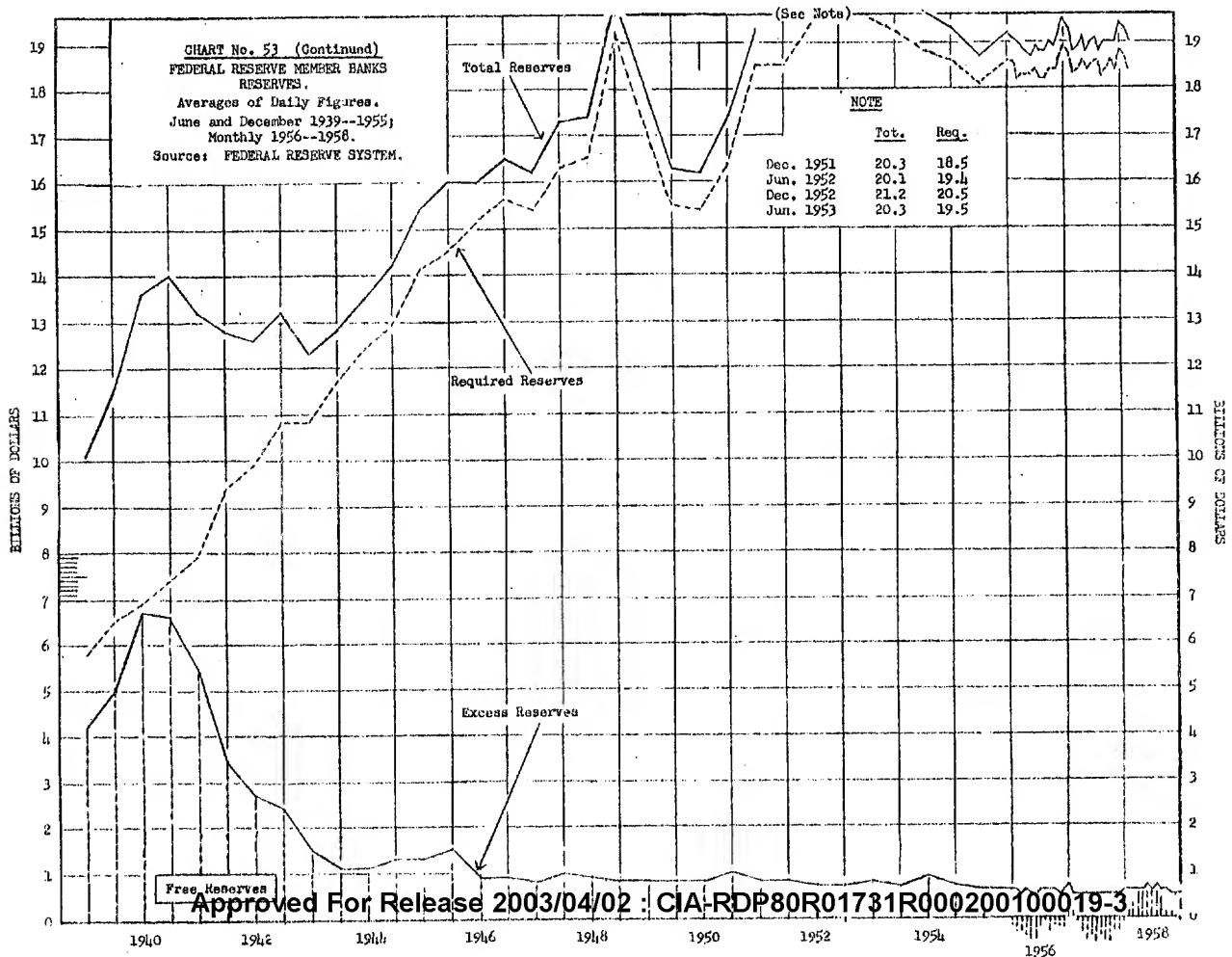
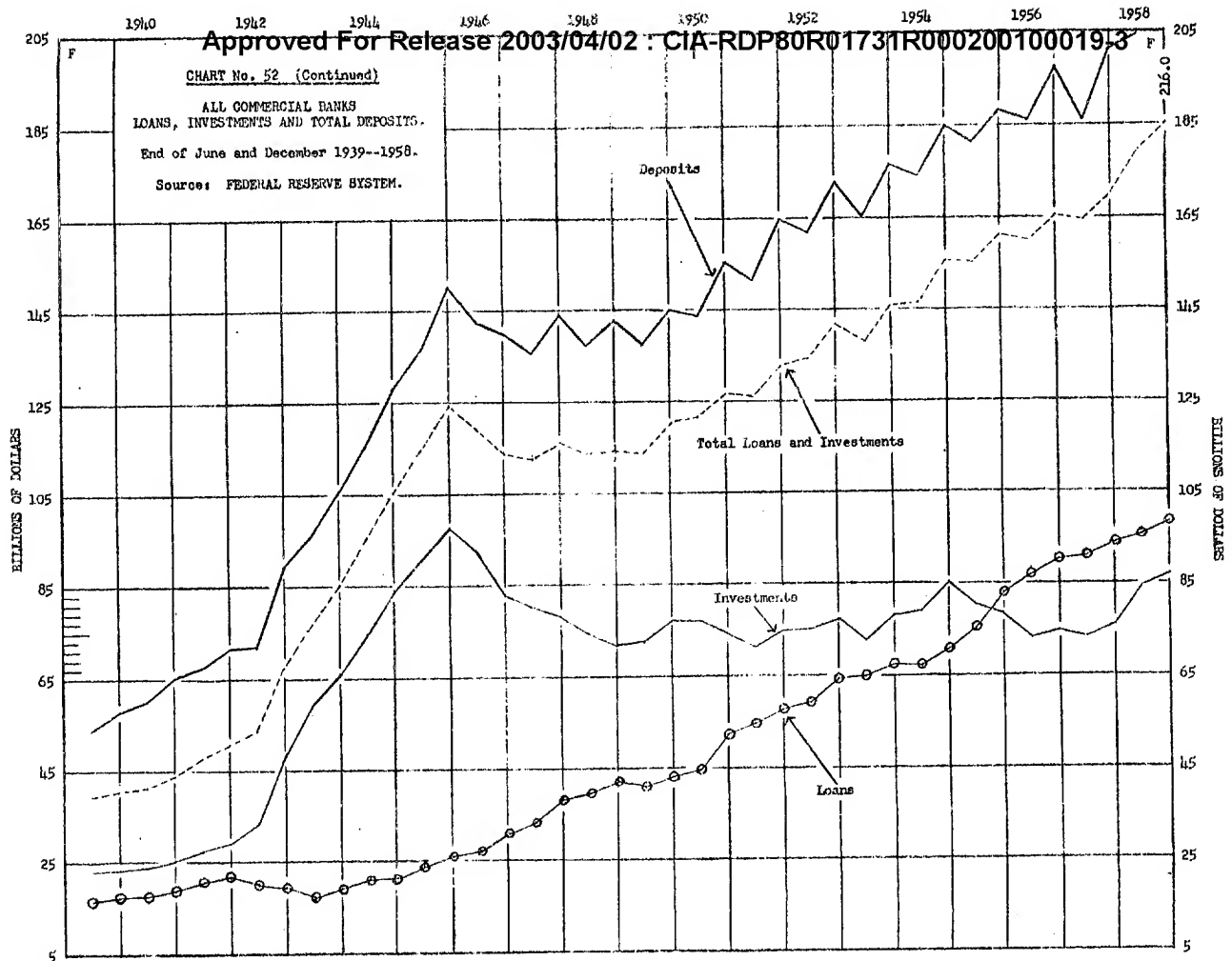


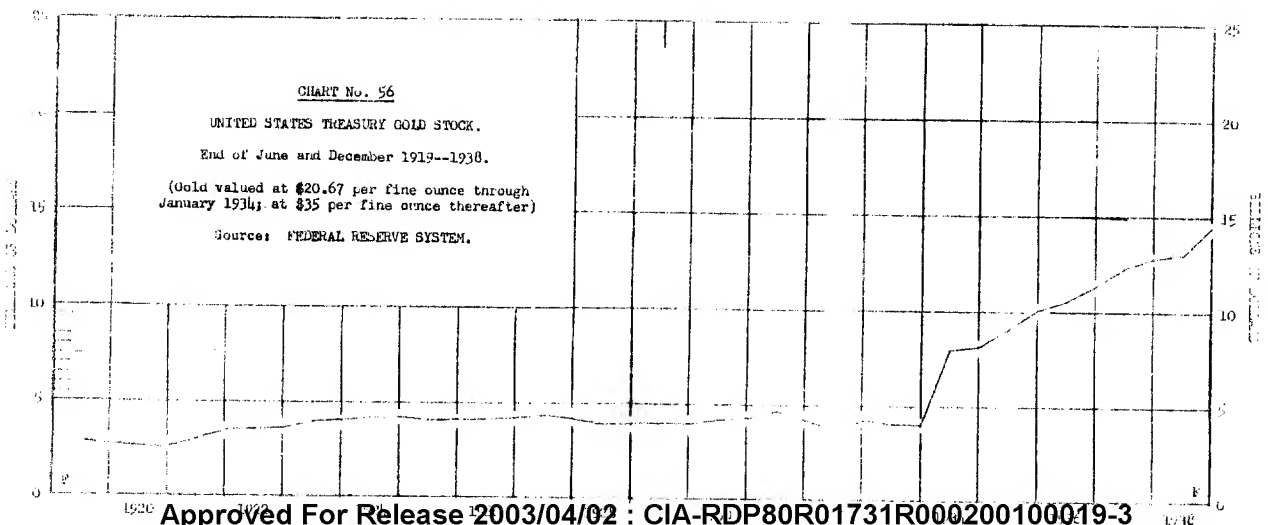
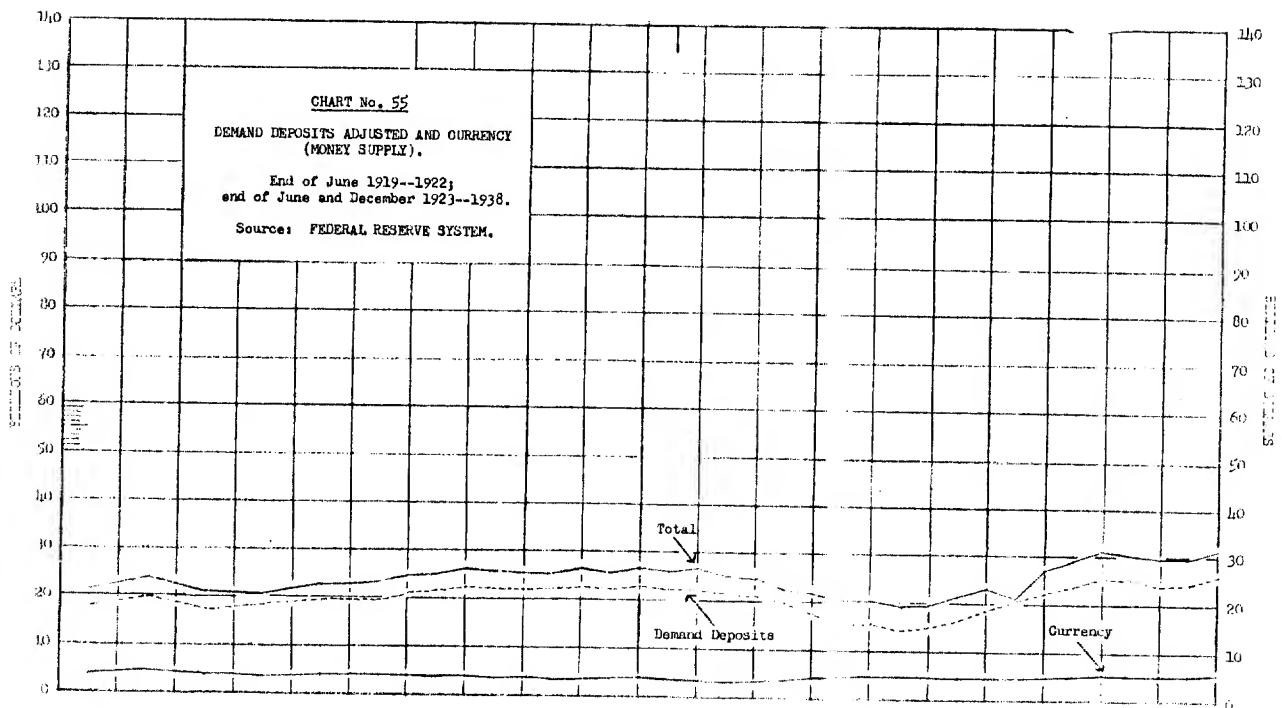
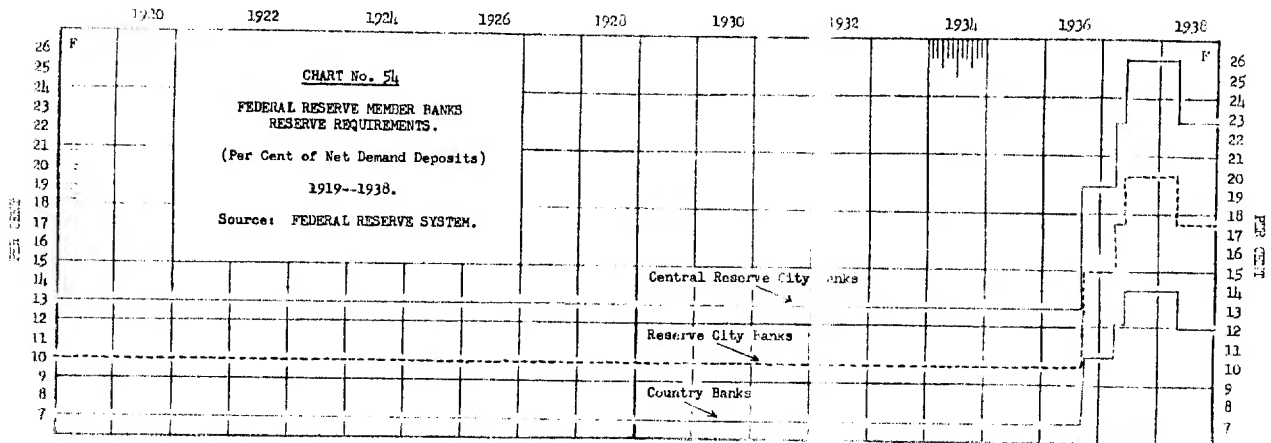


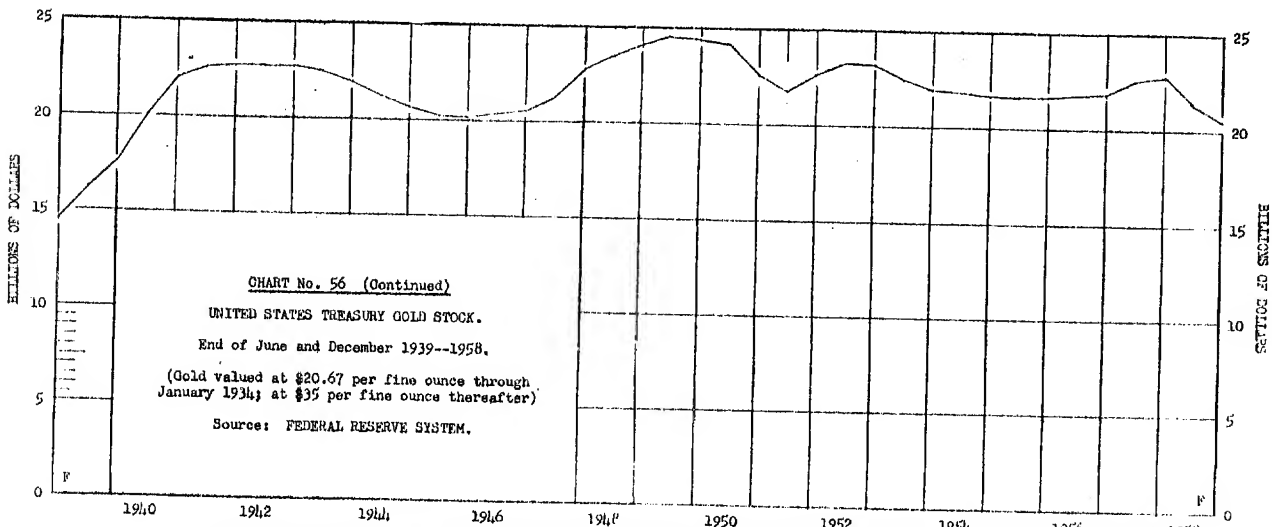
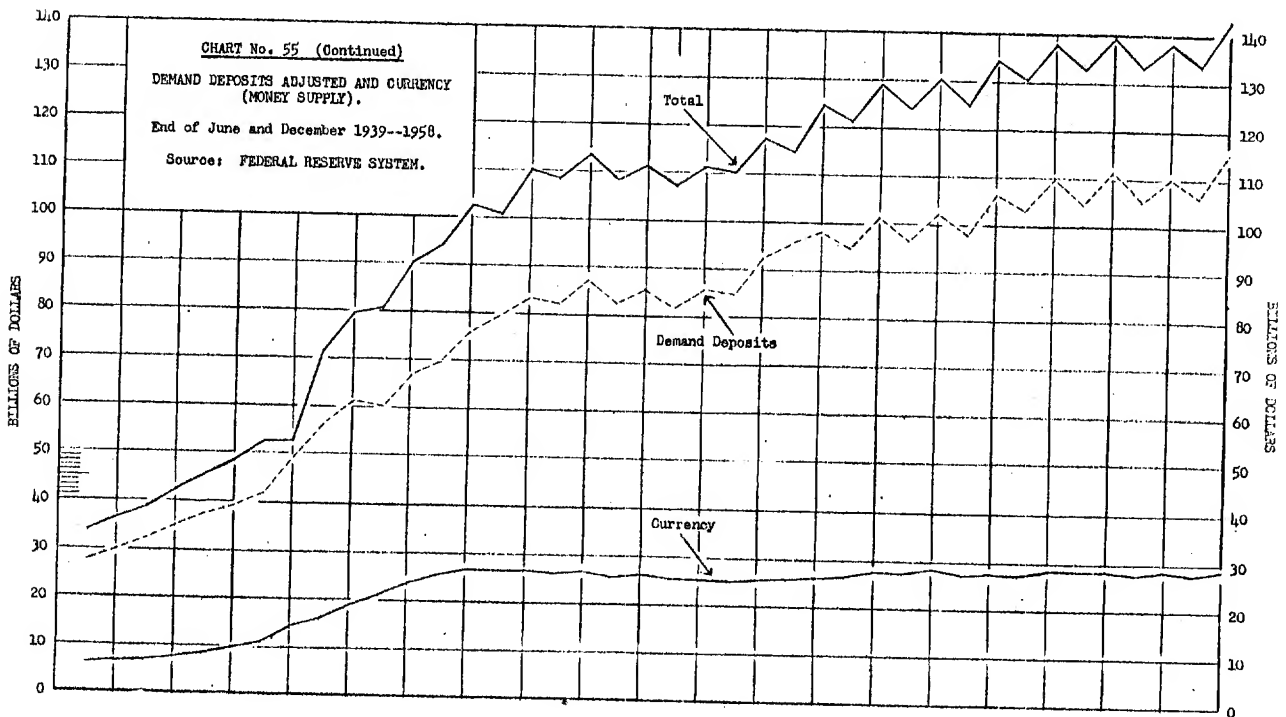
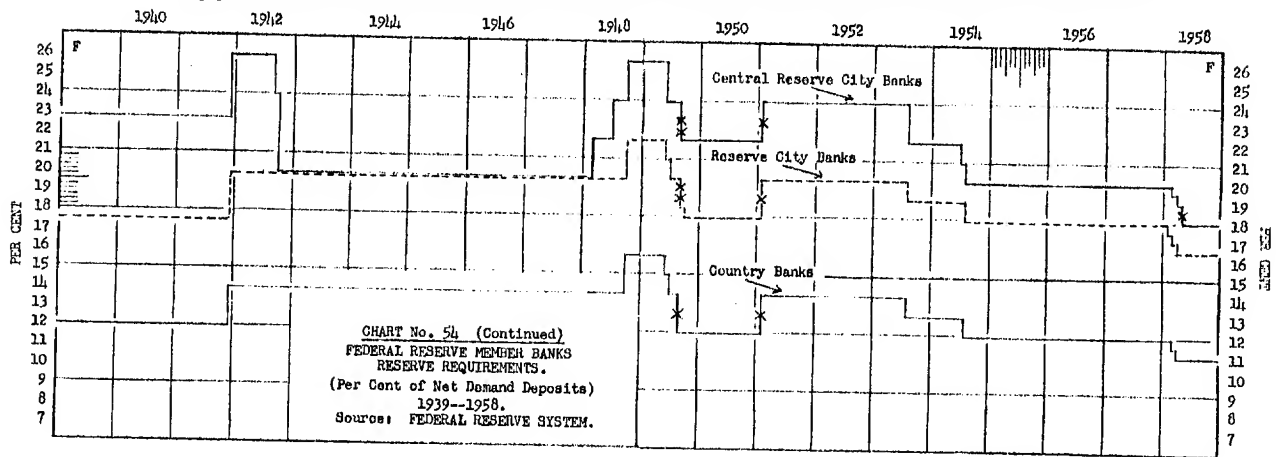


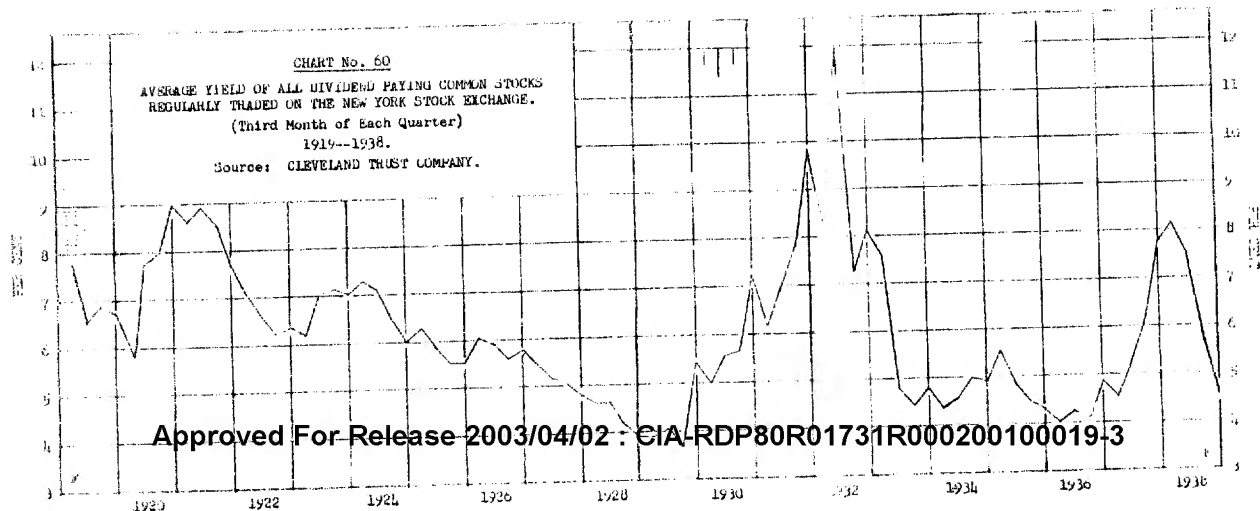
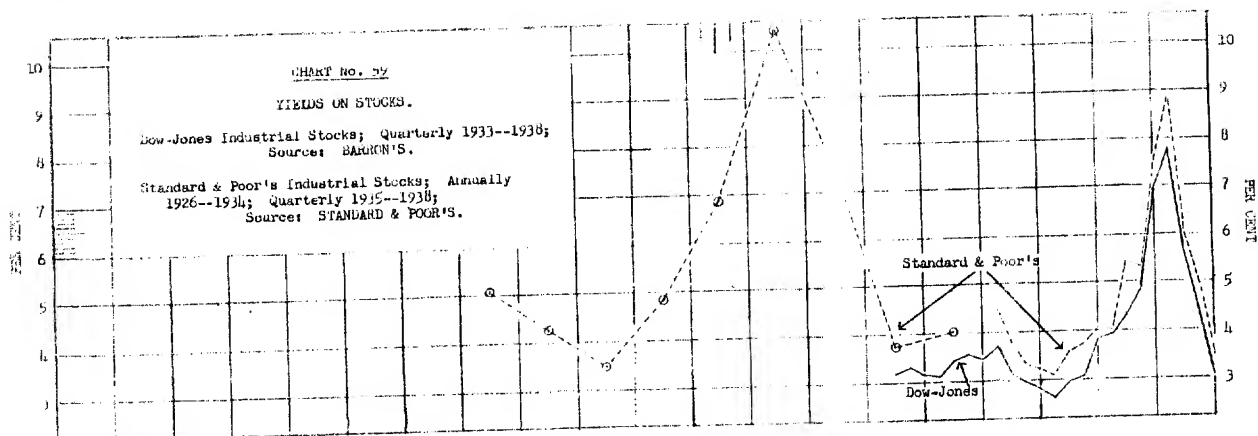
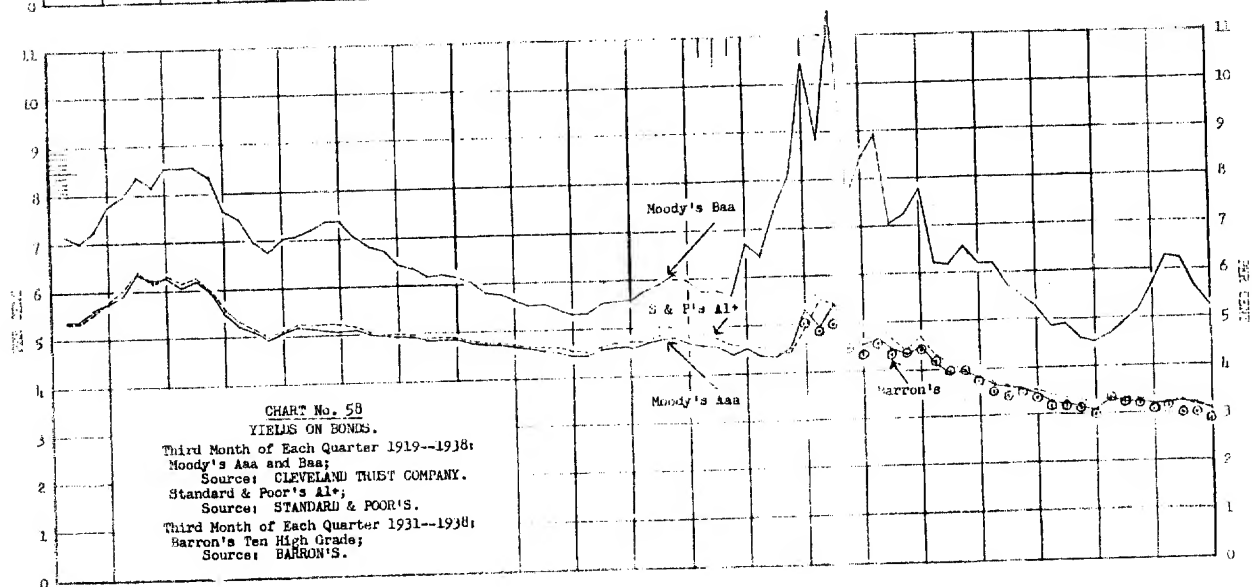
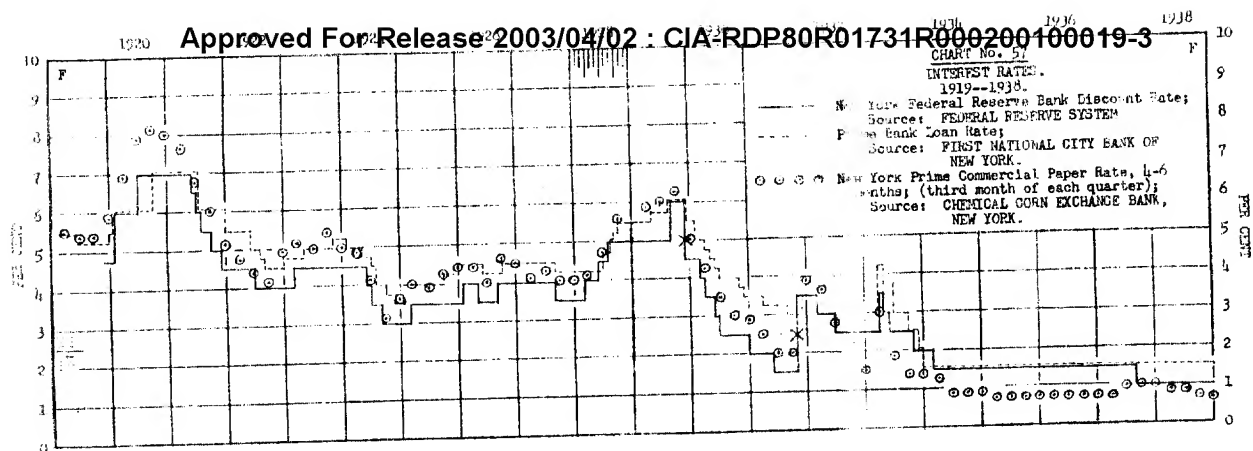


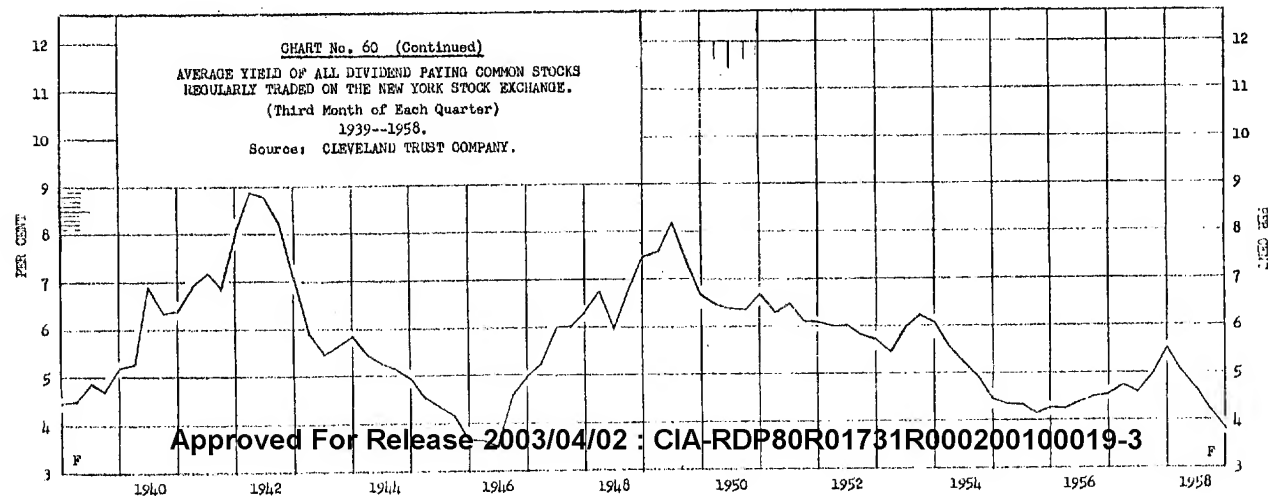
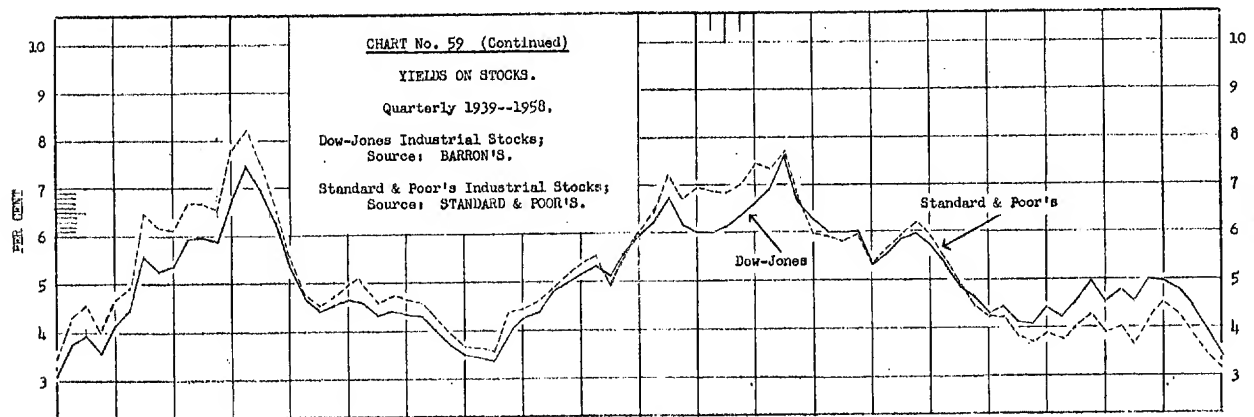
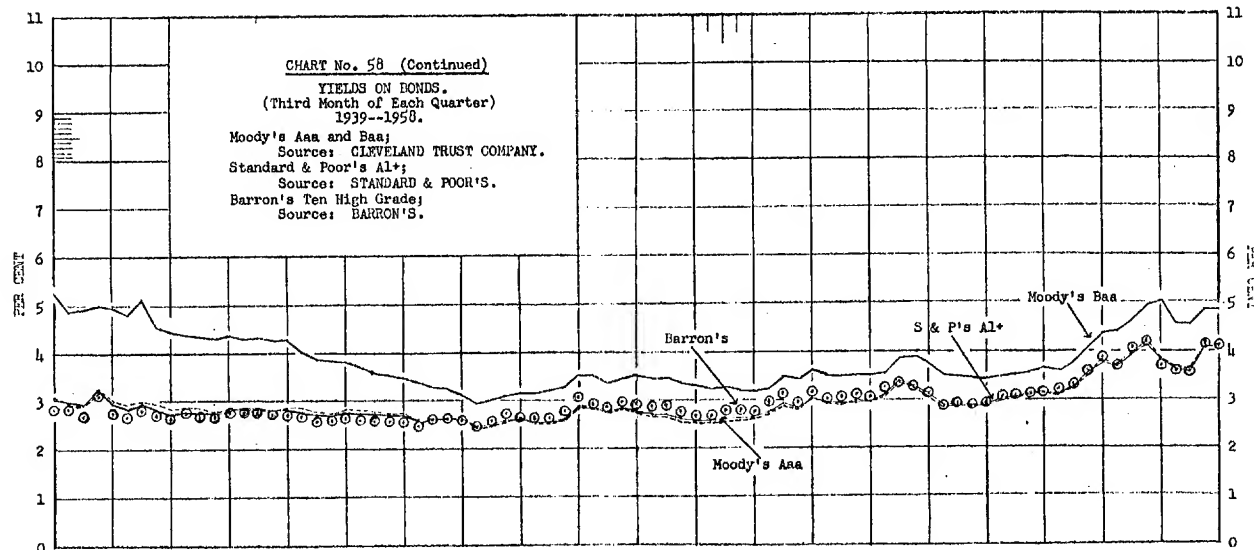
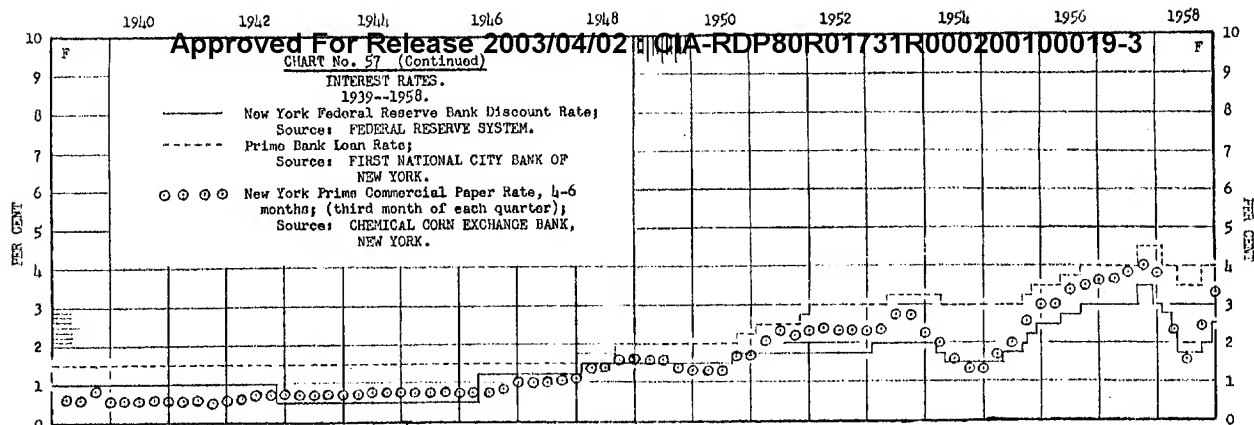


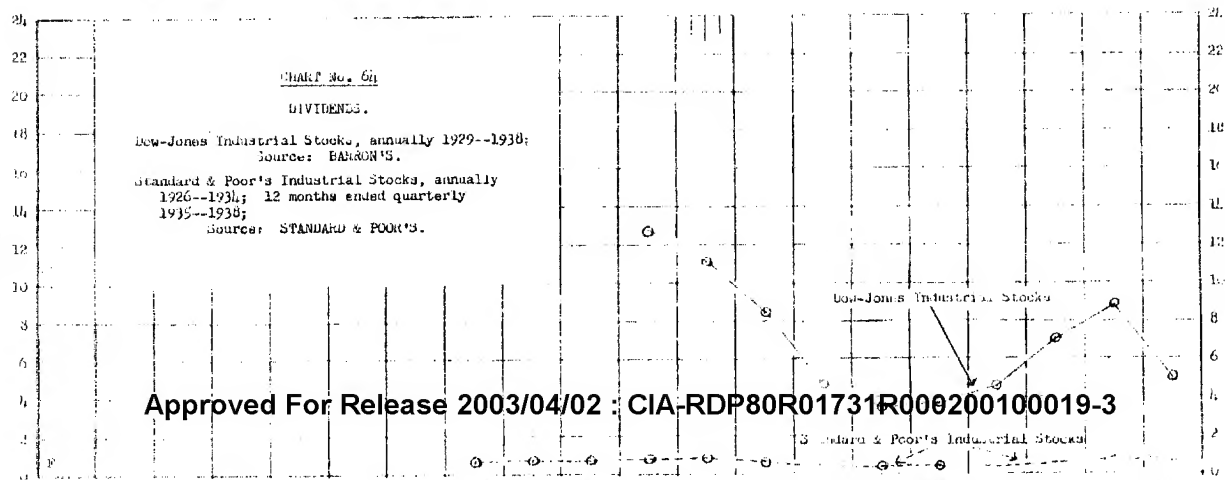
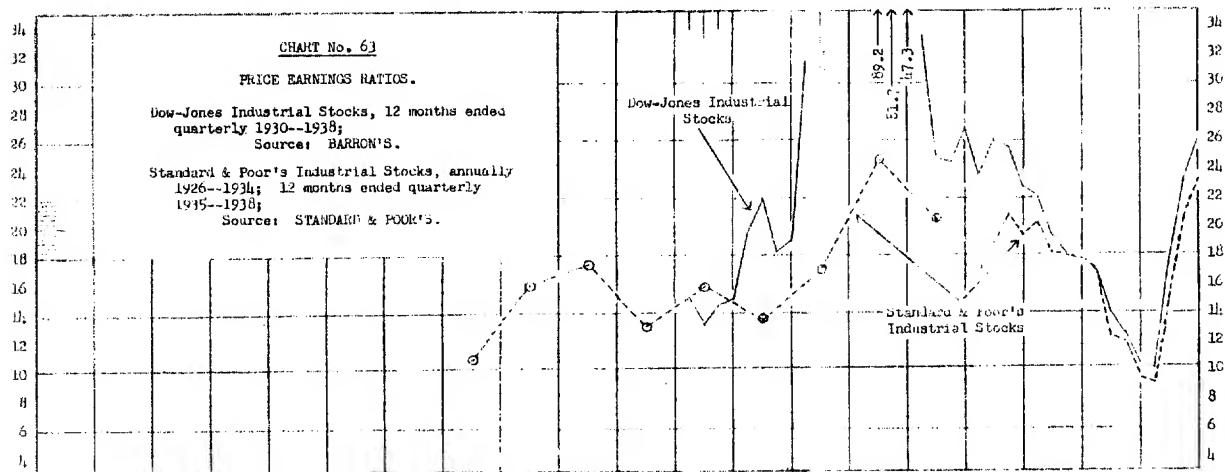
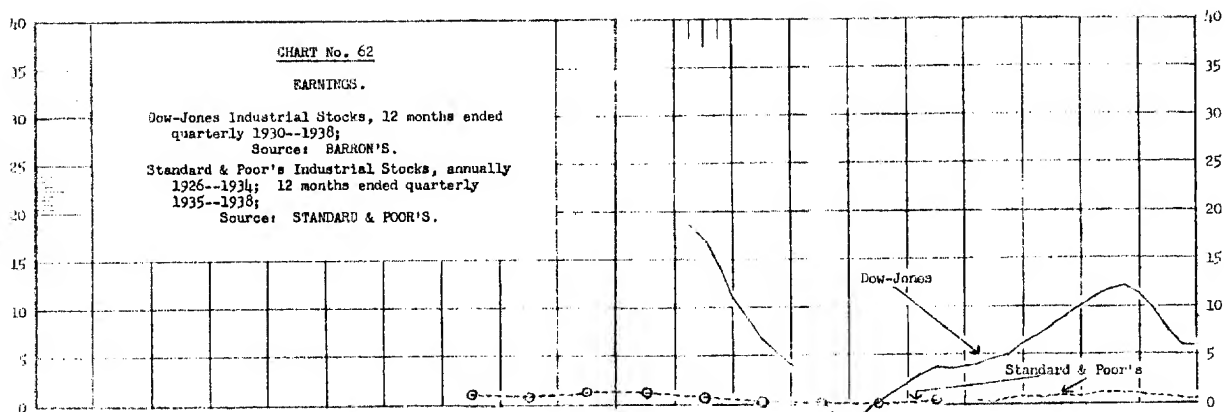
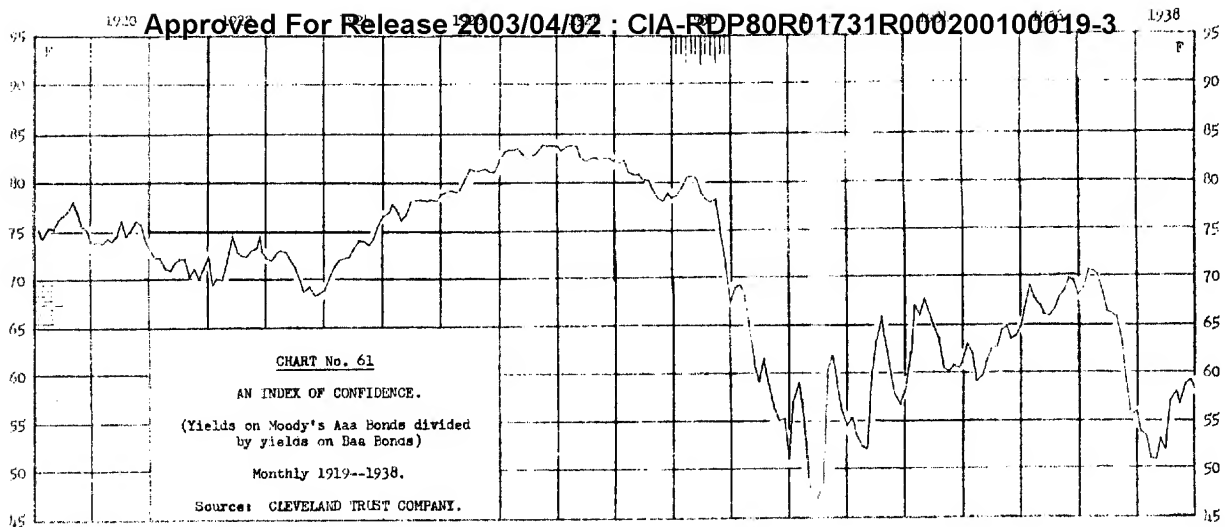


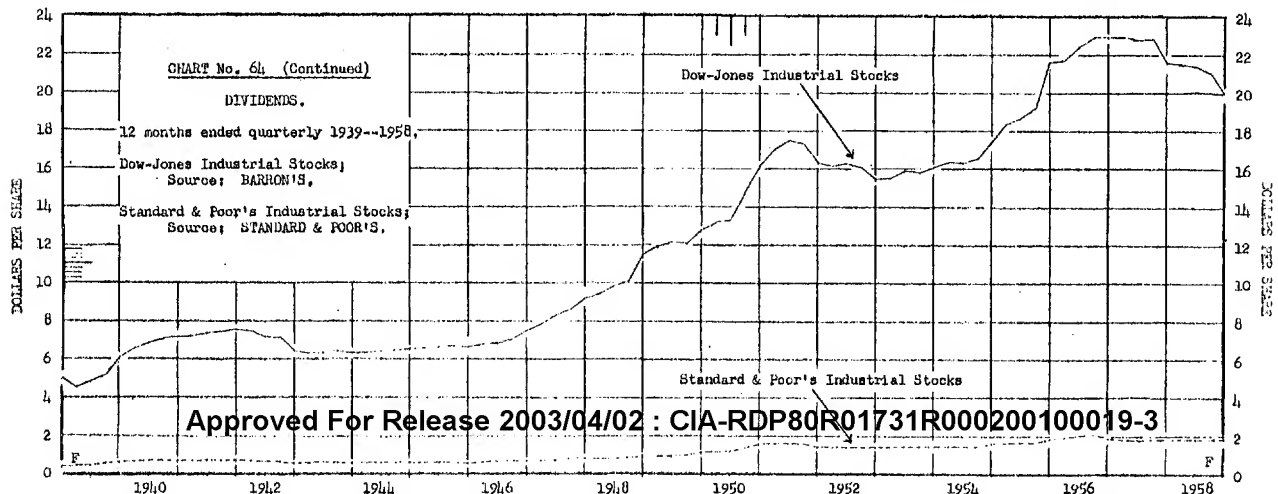
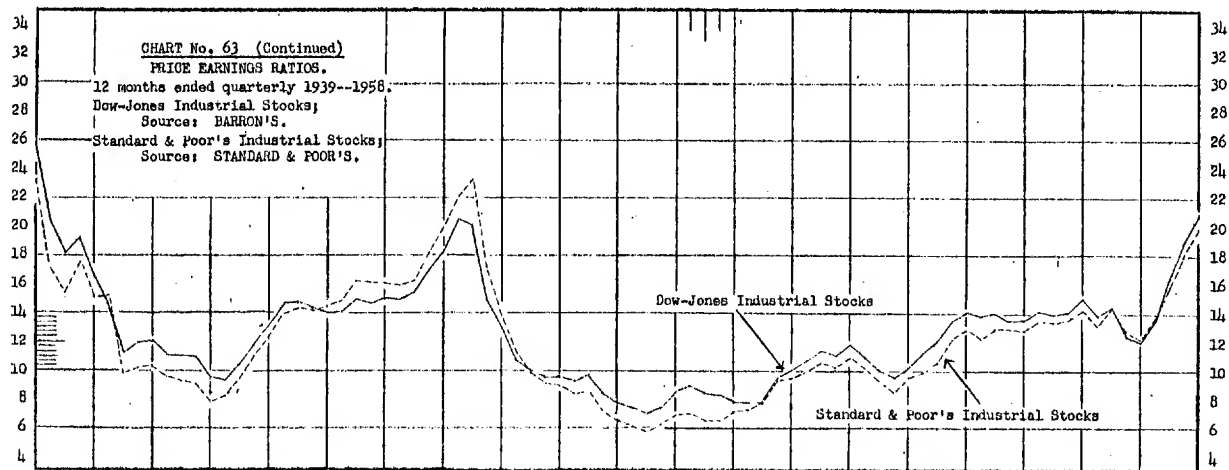
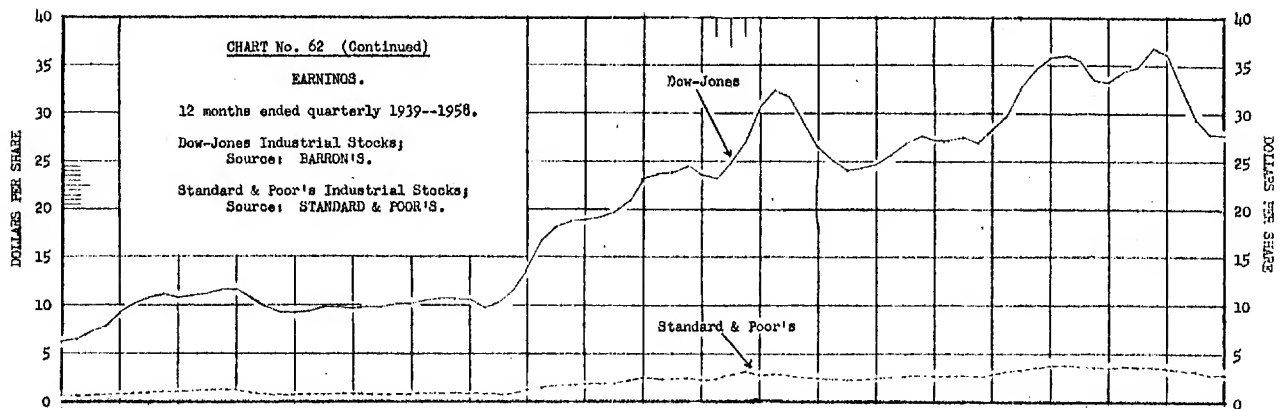
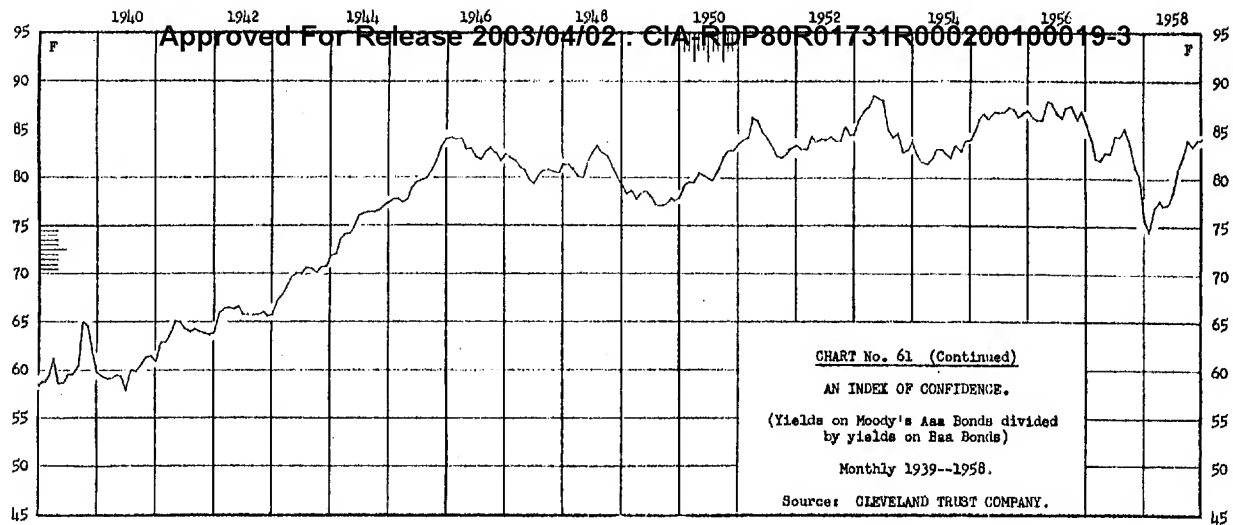


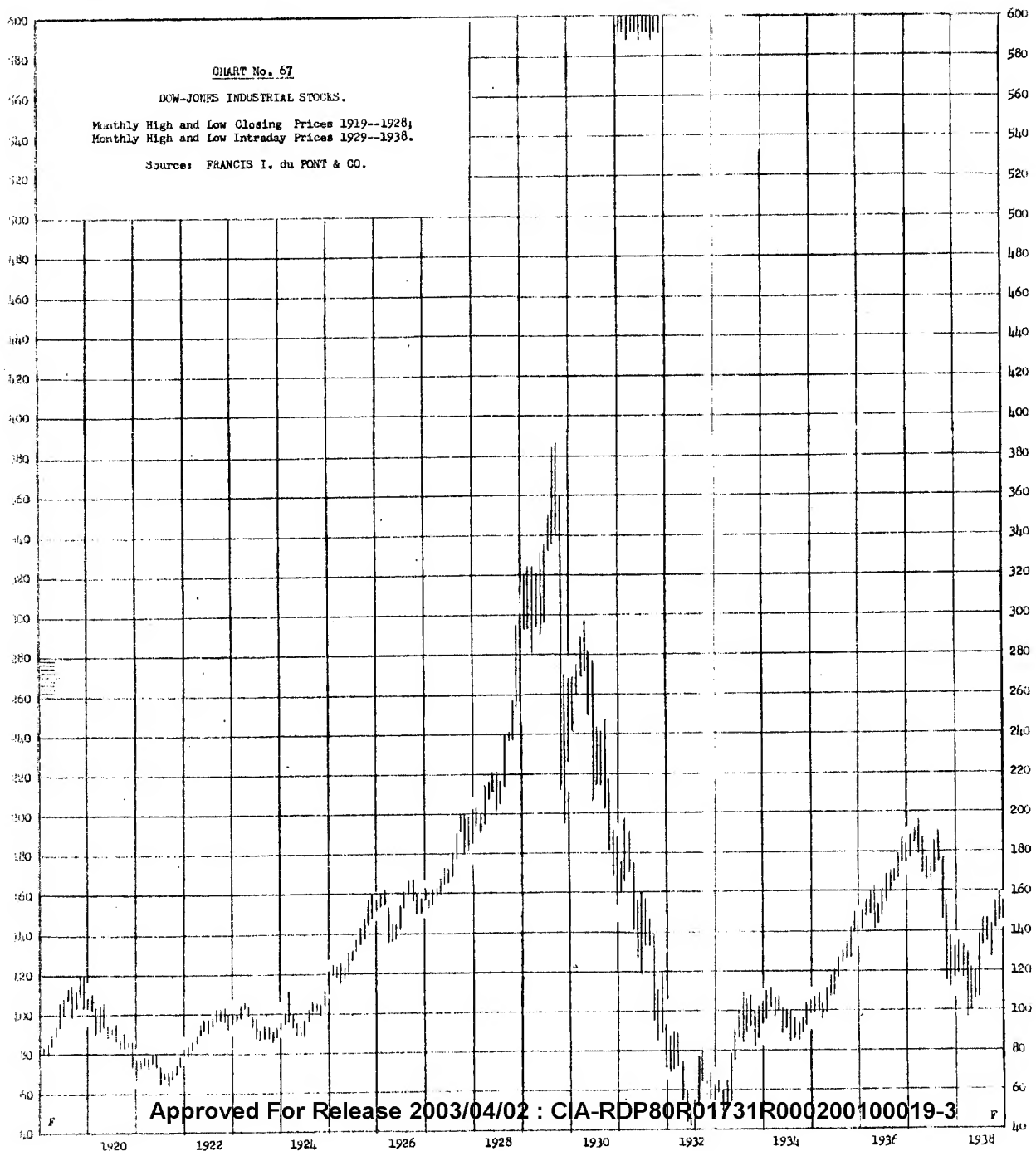
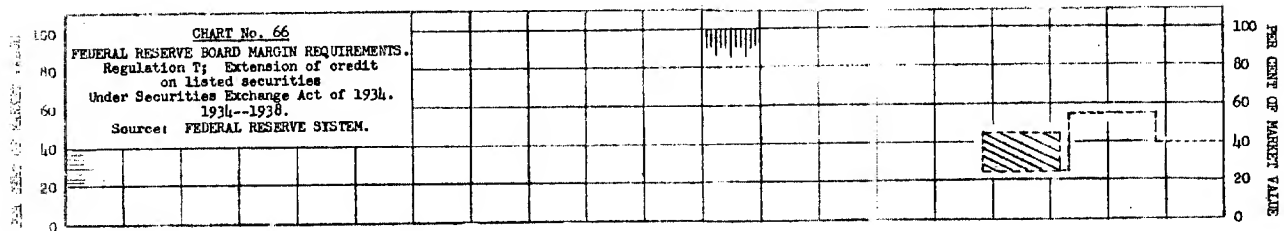
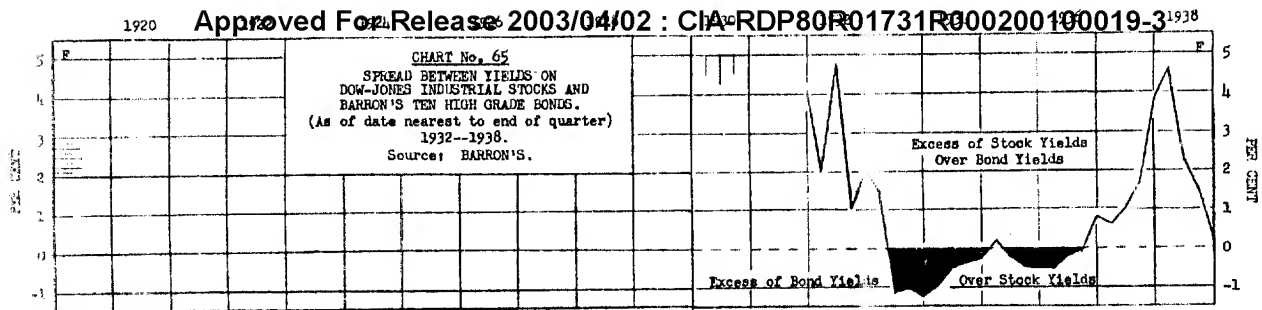


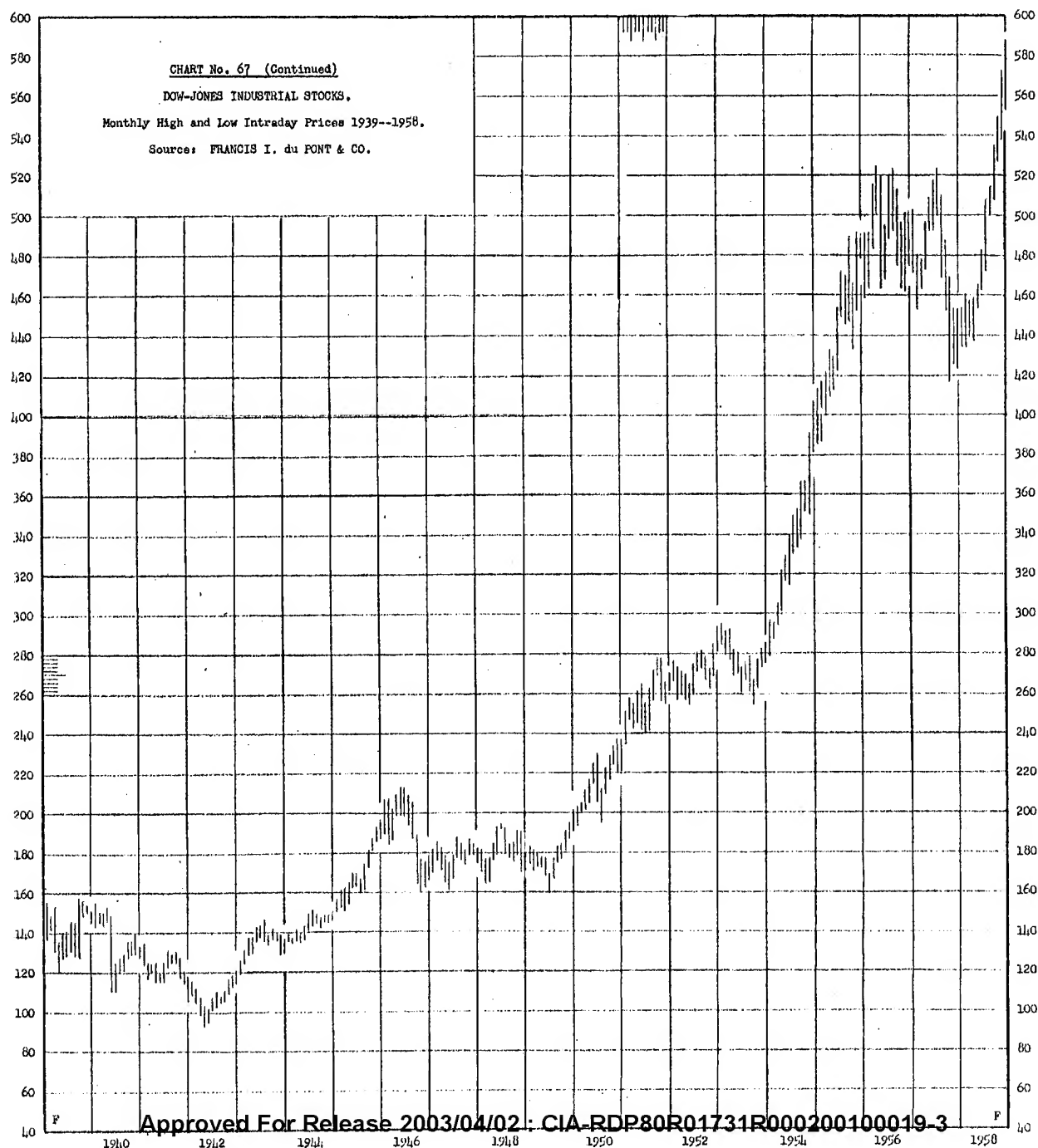
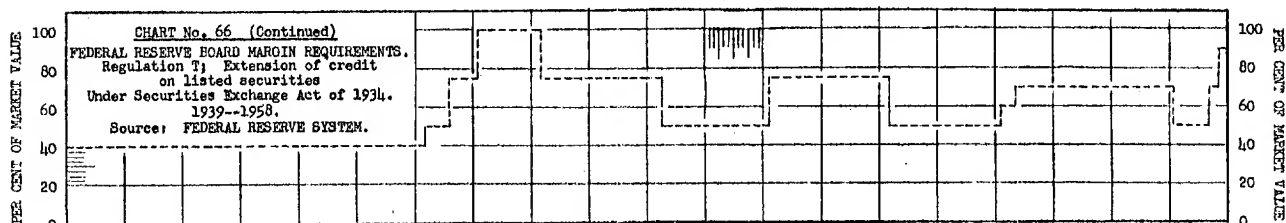


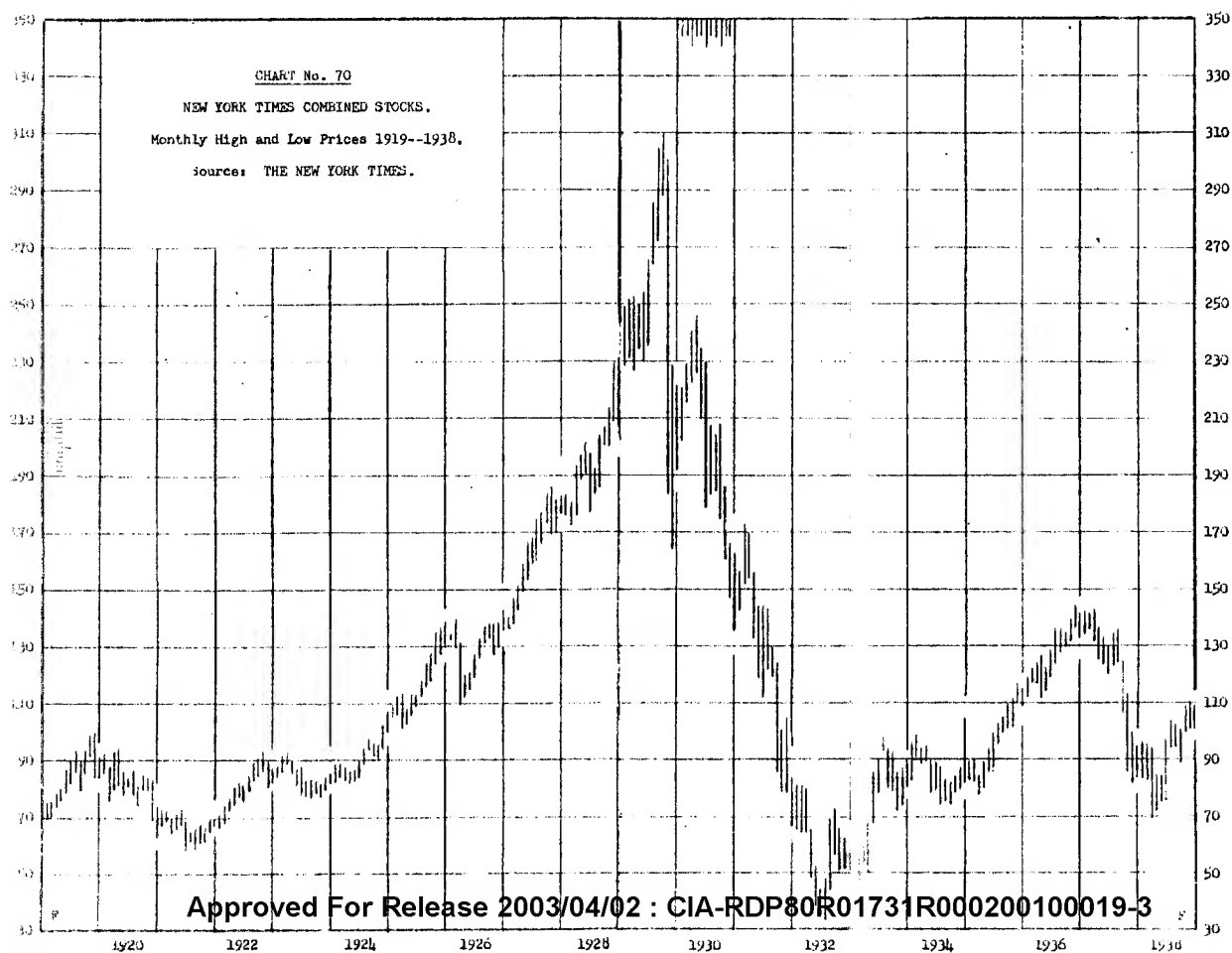
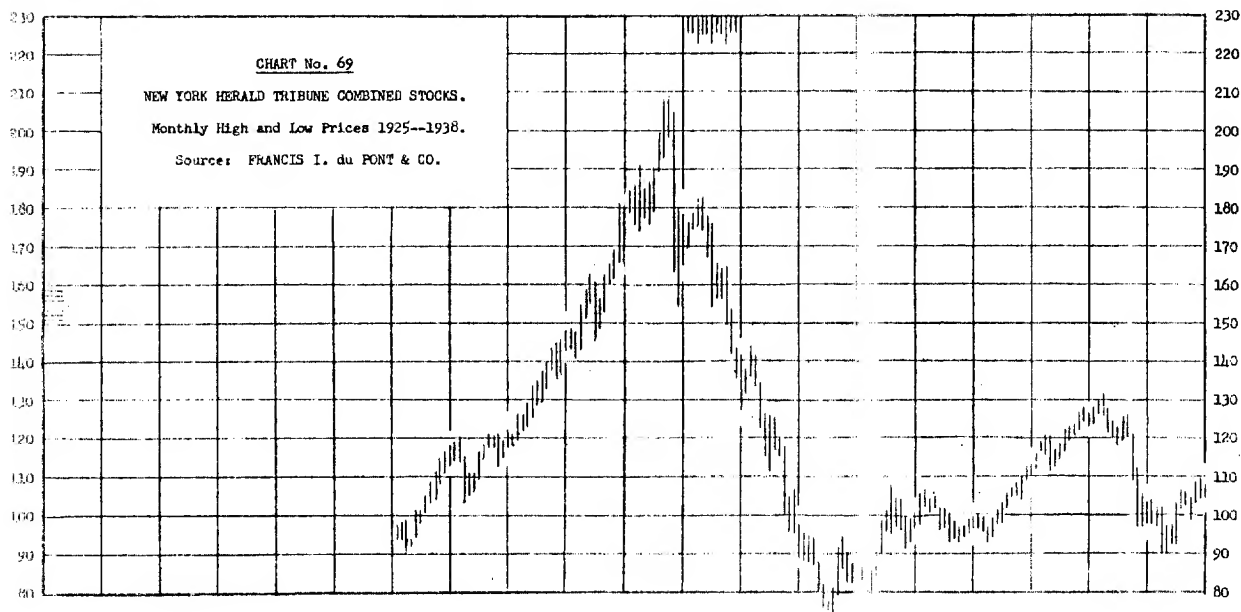
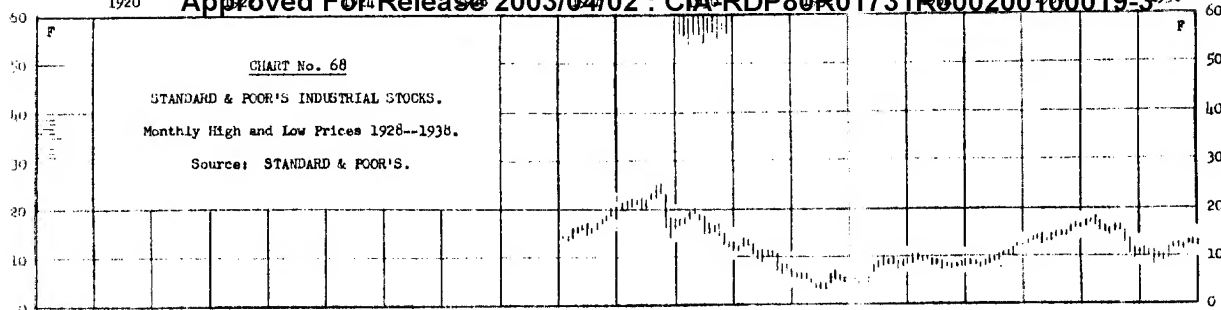


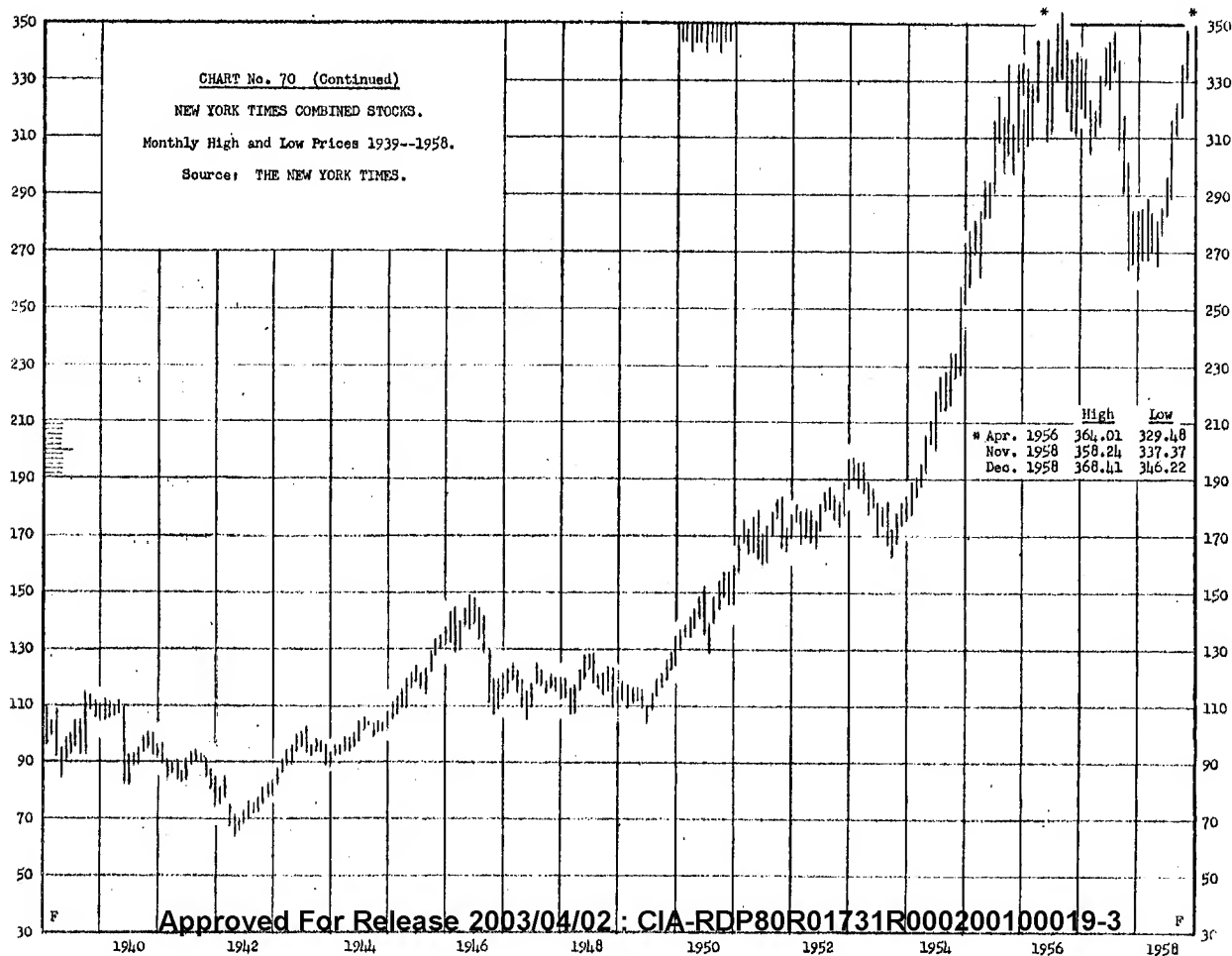
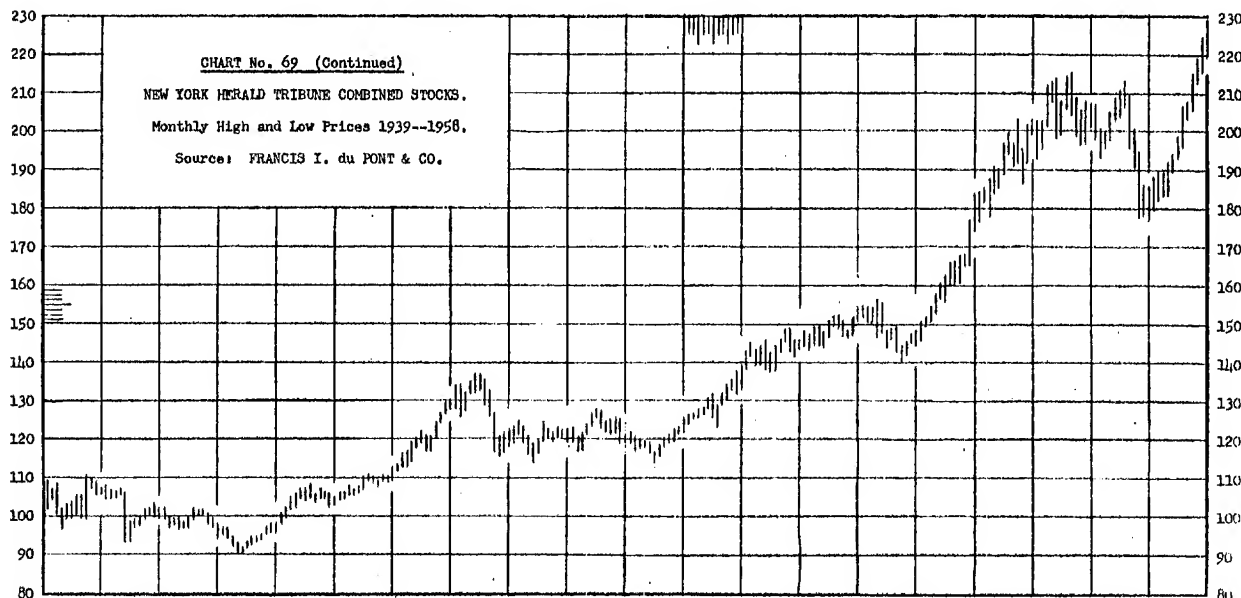
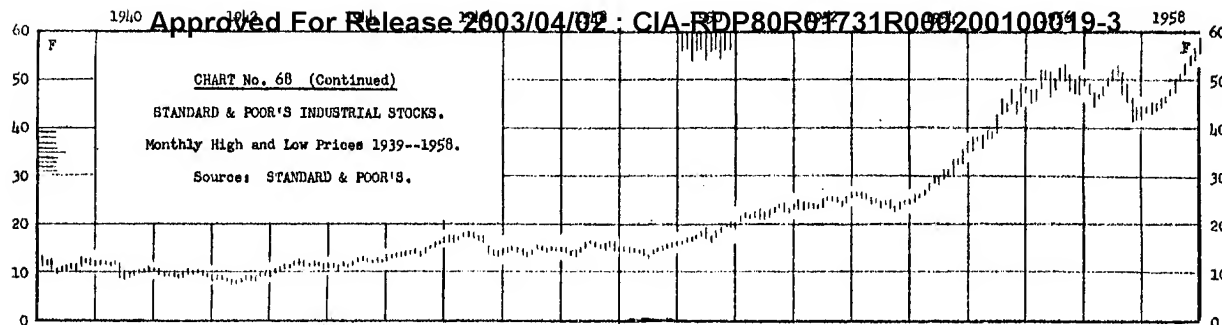












BUDGET RECEIPTS AND EXPENDITURESPUBLIC DEBT

(Fiscal years ended June 30. In millions of dollars.)

Source: BUREAU OF THE BUDGET.

Item No.	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
<u>RECEIPTS</u>											
1 Individual income taxes	1,022	959	1,400	3,205	6,490	19,701	18,415	16,157	17,835	19,305	15,548
2 Corporation income taxes	1,138	1,123	2,029	4,727	9,570	14,737	15,146	11,833	8,569	9,678	11,195
3 Excise taxes	1,861	1,973	2,555	3,393	4,093	4,761	6,267	6,999	7,207	7,356	7,502
4 All other receipts	1,024	1,089	1,119	1,231	1,834	4,437	4,647	4,783	6,176	5,149	3,451
5 TOTAL RECEIPTS	4,996	5,144	7,103	12,556	21,987	43,636	44,475	39,772	39,787	41,488	37,696
<u>EXPENDITURES</u>											
6 Major national security	1,075	1,497	6,036	23,936	63,159	76,846	81,309	43,207	14,372	11,771	12,907
7 International affairs and finance	20	51	145	1,839	3,299	3,492	3,218	3,078	6,531	4,565	6,053
8 Commerce and housing	502	456	677	2,804	7,561	8,064	3,969	691	1,006	1,302	1,904
9 Agriculture and agricultural resources	1,199	1,538	1,314	1,482	610	1,215	1,607	747	1,243	575	2,512
10 Natural resources	349	471	452	531	500	399	713	334	545	742	1,049
11 Labor and welfare	3,924	3,079	2,636	2,033	1,256	1,057	1,107	1,029	1,277	1,322	1,563
12 Veterans' services and benefits	560	552	566	559	606	745	2,096	4,416	7,381	6,654	6,726
13 Interest	950	1,056	1,123	1,272	1,825	2,623	3,662	4,816	5,012	5,248	5,445
14 General government	343	370	408	513	788	978	884	1,053	1,358	1,277	1,076
15 Allowance for contingencies	--	--	--	--	--	--	--	--	--	--	--
16 Adjustment to daily Treasury statement basis	63	7	94	924	197	360	252	1,077	305	388	272
17 TOTAL EXPENDITURES	8,858	9,062	13,262	34,046	79,407	95,059	98,416	60,448	39,032	33,069	39,507
18 SURPLUS OR [DEFICIT]	3,862	3,918	6,159	21,490	57,420	51,423	53,941	20,676	754	8,419	1,811
19 PUBLIC DEBT AT END OF YEAR	40,440	42,968	48,961	72,422	136,696	201,003	258,682	269,422	258,286	252,292	252,770

BUDGET RECEIPTS AND EXPENDITURESPUBLIC DEBT

(Fiscal years ended June 30. In millions of dollars.)

Source: BUREAU OF THE BUDGET.

Item No.	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 (Est.)
<u>RECEIPTS</u>											
1 Individual income taxes	15,745	21,643	27,913	30,108	29,542	28,747	32,188	35,620	34,724	36,900	40,700
2 Corporation income taxes	10,448	14,106	21,225	21,238	21,101	17,861	20,880	21,167	20,074	17,000	21,448
3 Excise taxes	7,549	8,648	8,851	9,868	9,945	9,131	9,929	9,055	8,612	8,467	8,945
4 All other receipts	2,753	3,171	3,402	3,610	4,067	4,650	5,169	5,187	5,708	5,633	6,007
5 TOTAL RECEIPTS	36,495	47,568	61,391	64,825	64,655	60,390	68,165	71,029	69,117	68,000	77,100
<u>EXPENDITURES</u>											
6 Major national security	13,009	22,444	43,976	50,363	46,904	40,626	40,641	43,270	44,142	46,120	45,805
7 International affairs and finance	4,674	3,736	2,826	2,216	1,732	2,181	1,846	1,976	2,234	3,708	2,129
8 Commerce and housing	1,991	2,217	2,624	2,504	817	1,504	2,030	1,455	2,109	3,509	2,243
9 Agriculture and agricultural resources . .	2,783	650	1,045	2,936	2,557	4,389	4,868	4,526	4,389	6,775	5,996
10 Natural resources	1,206	1,267	1,366	1,476	1,315	1,202	1,104	1,296	1,543	1,708	1,710
11 Labor and welfare	1,963	2,065	2,168	2,426	2,485	2,575	2,821	3,022	3,447	4,380	4,129
12 Veterans' services and benefits	6,646	5,342	4,863	4,298	4,256	4,457	4,756	4,793	5,026	5,198	5,088
13 Interest	5,817	5,714	5,934	6,583	6,470	6,438	6,846	7,308	7,689	7,601	8,096
14 General government	1,186	1,327	1,463	1,472	1,235	1,199	1,627	1,787	1,356	1,673	1,735
15 Allowance for contingencies	--	--	--	--	--	--	--	--	--	200	100
16 Adjustment to daily Treasury state- ment basis	341	705	857	--	--	--	--	--	--	--	--
17 TOTAL EXPENDITURES	39,617	44,058	65,408	74,274	67,772	64,570	66,540	69,433	71,936	80,871	77,030
18 SURPLUS OR DEFICIT	3,122	3,510	4,017	9,449	3,117	4,180	1,626	1,596	2,819	12,871	70
19 PUBLIC DEBT AT END OF YEAR	257,357	255,222	259,105	266,071	271,260	274,374	272,751	270,527	276,343	285,000	285,000